1989 ANNUAL REPORT

GENERAL MOTORS

#1 IN AMERICA
GM
#1 IN THE WORLD

TABLE OF CONTENTS

HIGHLIGHTS

(Dollars in Millions Except Per Share Amounts)	1989	1988	1987
Sales and Revenues			
GM sales	$112,533.2	$110,228.5	$101,781.9
GMAC financing revenues	11,215.5	10,667.9	10,932.4
Other income	5,845.8	4,913.9	3,912.3
Intersegment transactions	(2,662.6)	(2,168.7)	(1,756.2)
Total Net Sales and Revenues	$126,931.9	$123,641.6	$114,870.4
Worldwide Factory Sales of Cars and Trucks (units in thousands)	7,946	8,108	7,765
Net Income			
Amount	$ 4,224.3	$ 4,856.3*	$ 3,550.9
As a percent of GM sales	3.8%	4.4%	3.5%
As a percent of average common stockholders' equity	12.0%	14.6%	11.3%
Earnings attributable to common stocks:			
$1-2/3 par value	$ 3,831.0	$ 4,413.1*	$ 3,178.9
Class E	$ 171.0	$ 160.3	$ 139.1
Class H	$ 188.1	$ 256.9*	$ 219.2
Earnings per share attributable to common stocks:			
$1-2/3 par value	$6.33	$7.17*	$5.03
Class E**	$1.81	$1.57	$1.33
Class H	$1.94	$2.01*	$1.67
Taxes			
United States, foreign, and other income taxes	$ 2,174.0	$ 2,102.8	$ 857.6
Other taxes (principally payroll and property taxes)	3,585.7	3,594.8	2,904.8
Total	$ 5,759.7	$ 5,697.6	$ 3,762.4
Investment as of December 31			
Book value per share of common stocks:			
$1-2/3 par value	$52.32	$48.92	$44.55
Class E**	$13.41	$12.54	$11.41
Class H	$26.18	$24.48	$22.30
Number of Stockholders as of December 31 (in thousands)			
$1-2/3 par value and preferred	963	812	830
Class E	446	423	438
Class H	524	489	506
Average Number of Employes (in thousands)	775	766	813

*Includes the effect of an accounting change of $224.2 million of which $218.1 million, or $0.35 per share, was applicable to $1-2/3 par value common stock and $6.1 million, or $0.05 per share, was applicable to Class H common stock.

**Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend declared February 5, 1990, payable to Class E common stockholders on March 10, 1990.

After a decade of continued growth, General Motors closes out the '80s and enters the '90s—Number One in America and Number One in the world. Both our successes and our challenges are clear. Although the world's leader, we must do even more in meeting and exceeding the expectations of our tens of millions of customers.

All of the cars and trucks we sell are of greatly improved quality, and more than 84 percent of the cars are new since 1985—redesigned, re-engineered, and assembled in new or refurbished plants. We have rekindled a spirit of teamwork among our people and have made technology their tool.

In 1989, in the intensely competitive U.S. marketplace, GM retained its leadership position selling 5.1 million cars and trucks—more cars than Ford and Chrysler combined, and more cars and trucks than all the imports put together.

Throughout the world in 1989, GM sold 7.9 million vehicles, more than any other automaker anywhere. And we compete also in many other fields, ranging from tiny computer chips to giant locomotives, and are the world's leader in satellite communications networks and information systems and services. Our total dollar sales and revenues of $127 billion, including more than $93 billion in the U.S., were a GM record and the world's highest.

We earned $4.2 billion—the third largest annual profit in our history, and more than any other manufacturing company in the world. We paid nearly $2 billion in dividends to our shareholders. The seven percent average yield on GM $1-2/3 common stock was the highest among the top ten American companies.

Based on these achievements, we enter the '90s determined that GM become an even more effective competitor—caring even more for our customers and with more new products, still higher quality, and continued reductions in cost. We face the challenges ahead with a confidence founded on a record of worldwide success made possible by the dedication, creativity, and caring of all the people in our worldwide GM family—our 775,000 employes, 15,000 dealers, and more than 35,000 suppliers.

And it is to them that we dedicate this report.

ABOUT OUR COVER: The 1991 Park Avenue Ultra presents America with a redesigned motor car that is the most sophisticated six-passenger vehicle ever offered by Buick. An extensive list of standard equipment includes an advanced V6 engine, an electronically controlled transmission, and a new ComforTemp dual climate system.

Message To Stockholders

Through reindustrialization and customer-oriented strategic redirection, General Motors is positioned to compete effectively in the 1990s.

General Motors' sales and revenues in 1989 increased to a record $126.9 billion and earnings were the third highest in GM's 81-year history despite a difficult sales environment. In the face of a 6.0 percent decline in auto industry sales volumes in the U.S., and much higher costs for sales incentives, GM earned $4,224.3 million, or $6.33 per share of $1-2/3 par value common stock. Considering we started the decade with a loss of $763 million, our 1989 earnings represent an improvement of $5.0 billion.

Our aggressive Action Plan to reduce costs continued to have a favorable effect on net income. In addition, the European auto market was strong throughout 1989, helping GM's international operations achieve record earnings of $2.7 billion on record sales of nearly $26 billion. This was the third year of record earnings following a loss of $568 million in 1986. Outside the U.S. and Canada, we sold more cars and trucks than ever before. And GM of Canada remained Canada's automotive leader and that country's largest industrial company.

GM continued to benefit, as well, from the diversification of its earnings base undertaken in the 1980s. Results for 1989 included record profits of Electronic Data Systems Corporation. EDS, the world leader in systems integration and communication services, has more than doubled its earnings since being acquired by GM in 1984. GM Hughes Electronics Corporation, the world leader in defense electronics sales, met the challenge of declines in defense spending and automotive business in 1989 to achieve the second best earnings in its history. Revenues were a record for the fourth consecutive year. Earnings of General Motors Acceptance Corporation, the world's largest finance company, were $1.1 billion, strong by historic standards.

The 1990s: A Continuing Challenge

As we enter the 1990s, it is appropriate to consider the opportunities that are ahead.

During the Eighties, General Motors implemented more change—with new plants, new technology, new products, a new commitment to cost efficiency, and a new commitment to its people—than in all of the previous seven decades of the Corporation's history. Our reindustrialization was—and continues to be—an absolute imperative. Why? Because the Seventies taught us that in order to survive, GM, like all auto manufacturers, needed more than cosmetic adjustments. GM had to change. It had to be a far different company, with far different approaches to manufacturing and selling cars and trucks.

In the Nineties, the auto industry will face economic uncertainties, competitive pressures, and a pace of change more challenging than ever.

Of special concern is the possibility of more stringent fuel economy standards that would put domestic automakers at a competitive disadvantage in meeting customers' expectations. There is the further possibility of tougher emissions standards that would affect all automobile manufacturers. GM supports reasonable legislation which balances the need for continued air quality improvements with the economic interests of the nation.

The 1990s will be a time of intense global competition during which GM must go beyond the traditional meaning of satisfaction to win customers' purchase decisions and loyalty. We are dedicated to the goal of meeting and exceeding our customers' expectations by caring more for our customers and by delivering more value in our products and services.

A Customer-Oriented Competitive Strategy

This is the new reality that GM anticipated when it embarked on its strategic reindustrialization at the start of the Eighties. Our goal was to ensure that the Corporation had the operating flexibility and market responsiveness necessary during changing market conditions to sustain solid earnings and cash flow.

A customer-oriented, five-point strategy is still shaping our course of action. We are determined to continue to:

Robert C. Stempel *Roger B. Smith*

- Improve product quality;
- Reduce costs;
- Modernize our plants;
- Maintain technological leadership; and
- Build a more effective relationship with employes.

Pursuit of this strategy is yielding significant benefits for GM, its employes, stockholders, and customers. Our goal is to provide a total transportation experience that is the best in the industry—to be the company that cares for the customer more than any other company.

Total customer satisfaction requires that we listen more carefully to customers and research their needs more carefully. It also means a stronger service commitment from GM and its dealers. But, most important, it means that our products must set the standard for quality, innovation, styling, and value.

• First, we are making significant strides in improving product quality. In the 1989 J. D. Power Sales Satisfaction Index, which measures manufacturing quality as well as the dealership experience, GM was ranked as the top domestic manufacturer among car owners and GMC Truck as the top manufacturer among compact-truck owners. In the 1989 J. D. Power Initial Quality Survey, the Buick LeSabre was the highest-ranked American model for trouble-free cars and was second among 154 domestic and import models. And in the 1989 J. D. Power Customer Satisfaction Index, Cadillac—for the third straight year—was the top domestic nameplate for combined product quality and dealer service.

• We are also continuing and accelerating an aggressive cost reduction program in North America. Since 1986, we have achieved permanent annual cost savings of $11.5 billion through our Action Plan, including reductions of $3.0 billion in 1989.

We expect to achieve total cost savings of $12½ billion to $13 billion by the end of 1990, substantially exceeding our $10 billion target for 1990 when we announced the Action Plan in 1987. And cost reduction will continue to be a priority after the original Action Plan is completed.

• At the same time, we have reindustrialized. GM's capital investments in the 1980s totaled $77 billion worldwide, the largest capital spending program ever undertaken by any company. This program included the construction of eight new assembly plants and the modernization of 19 other assembly plants and 12 stamping plants in North America.

Modernization and Reorganization

Although our strategy is ongoing, we are already seeing results. GM has a state-of-the-art automated manufacturing network in place, while our domestic competition has yet to face up to the cost and necessity of upgrading to prepare for the 21st Century. Our facilities modernization program is now essentially complete, allowing GM to devote more of its resources to the product itself.

Along with reindustrialization, we have reorganized GM's vehicle operations to make them more market responsive and cost efficient. We are continuing to integrate our international operations with the Buick-Oldsmobile-Cadillac and Chevrolet-Pontiac-GM of Canada vehicle groups in North America. Internationally, we have also restructured. We have completely refurbished our manufacturing facilities; we have cut costs and are continuing to do so, and we have committed ourselves to an aggressive product program—both in our established

markets and in selected developing countries.

• Additionally, in restructuring General Motors, we acquired EDS and Hughes Aircraft to enhance GM's technology and computer capability as well as to reinforce its ability to sustain a good return on stockholders' investments during cyclical swings in the auto industry. EDS and Hughes have strengthened GM's technological base in automotive design, engineering, and manufacturing while continuing to expand their non-GM-related business.

• Finally, as the capstone of our rebuilding, we developed a more productive relationship with our employes. Our people are the key ingredient in our master plan for total customer satisfaction. And in the face of intense global competition in the auto industry, the challenge of attracting, motivating, training, and retaining the best-qualified people has become more critical than ever. GM and the United Auto Workers joined forces in the 1980s in the Quality Network, striving to ensure at the plant level that the beliefs and values of trust in people, teamwork, continuous improvement, product quality, and customer satisfaction are the way of life throughout GM.

There is still much to be done. For example, there is no question that one immediate challenge GM faces is to profitably increase its North American market share to further enhance stockholder value.

We are doing this by offering well-designed, high-quality, competitively priced vehicles. Our new product introductions in the last three model years have enabled us to increase our truck market share more than any other manufacturer, and to bolster our total share of the U.S. vehicle market. In the 1990 model year alone, we are introducing as many new car and truck models as Ford, Chrysler, Toyota, and Honda combined. Between the 1990 and 1994 model years, we plan to update 99 percent of our domestic car volume and almost 60 percent of our domestic truck volume.

This year also will see the introduction of our new Saturn line of cars, being launched this fall as 1991 models to compete with the high-volume imports.

Outlook for 1990

At this writing, it appears that U.S. vehicle sales in 1990 will range between 14.5 and 15 million units. This assumes that the Federal Reserve's monetary actions will be consistent with maintaining the economy on its current path of modest growth. Interest rates have in fact come down from year-earlier peaks, and may ease a bit further during the year.

The domestic industry will continue to confront an intensely competitive pricing environment in 1990, as it did in 1989. Competition will be tough, but our expectations are high. We have advantages that no one else has: the people of GM, the best-known nameplates, the most extensive technological resources, and the strongest dealer organization and product line in the industry. GM will continue to reduce costs, streamline capacity, and earn greater recognition for improved quality. We are exceptionally strong in the fastest-growing segments—minivans, light trucks, and sport utility vehicles, and GM is sufficiently diversified to cushion its earnings in a down cycle. In addition, our suppliers and our people understand the competitive challenge, and they know what we have to do to meet it.

GM will continue to build on the foundation of its reindustrialization. We have the vision and the depth of talented people to ensure GM's competitive leadership in the future. We must and will continue to focus on quality improvement, cost reduction, and technological innovation to achieve total customer satisfaction. These measures are essential to enhance the Corporation's operating flexibility and market responsiveness and, thus, our ability to meet the challenges of a fiercely competitive industry environment. In this way, we will seek, with confidence, to uphold the Corporation's responsibility to provide all its stakeholders with a secure and rewarding future.

Robert C. Stempel
President

Roger B. Smith
Chairman

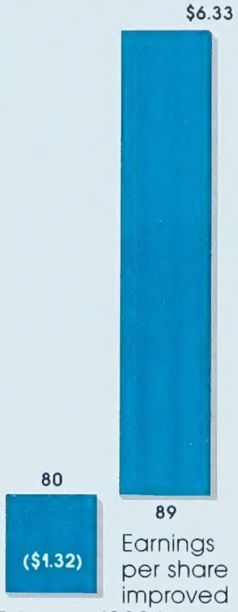
February 15, 1990

Highlights Of GM's Growth During The '80s

SALES AND REVENUES
(billions)

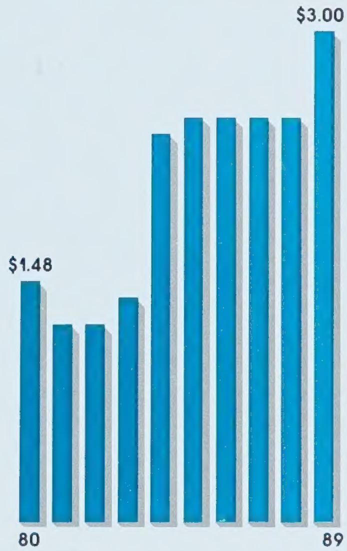
Sales and revenues doubled in the decade of the '80s.

EARNINGS PER SHARE
($1-2/3 par value common)



Earnings per share improved $7.65 from a 1980 loss of $1.32 per share to $6.33 per share in 1989.

CASH DIVIDENDS
($1-2/3 par value common)



Cash dividends per share of $1-2/3 par value common stock doubled.

MAJOR ACQUISITIONS AND NEW VENTURES

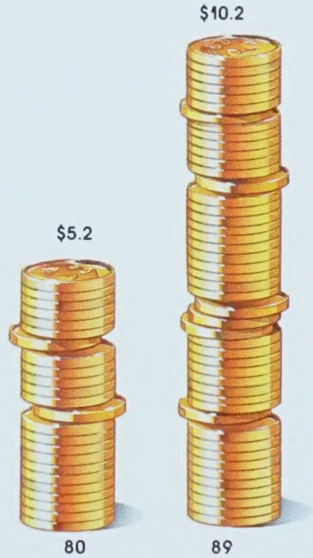
- 1982—GMFanuc Robotics Corporation
- 1983—NUMMI
- 1984—Electronic Data Systems Corporation
- 1985—GMAC Mortgage Corporation
- 1985—Hughes Aircraft Company
- 1985—Saturn Corporation
- 1986—Group Lotus, plc
- 1989—Saab Passenger Car Operations

GM's major acquisitions and new ventures have enhanced our core automotive business and diversified our earnings base.

STOCKHOLDERS' EQUITY
(billions)

Stockholders' equity nearly doubled.

CASH AND MARKETABLE SECURITIES
(billions)



Cash flow was strong; cash and marketable securities nearly doubled.

GM DIVIDENDS: In 1989, GM paid common dividends for the 75th consecutive year, the longest uninterrupted dividend payment record of any U.S. automotive manufacturer. For perspective, had an investor purchased 100 shares of GM $1-2/3 par value common stock at the start of 1980 for a total cash outlay of $2,500, the total return on this investment during the 1980s, including stock and cash dividends as well as stock price appreciation, would have amounted to 12.3 percent per year.

GM IS WORKING

GM is focusing on its customers. Its employes at all levels are becoming more involved in the production process. It has established a leadership position in emission control and fuel economy improvements.

GM is moving forward to achieve its goal of building best-in-class vehicles. Programs of product simplification are reducing costs. GM's four-phase process for managing new-product programs is getting vehicles to market faster. Component operations are playing an important role in lowering costs and providing technological breakthroughs.

Support is coming, too, from GM Hughes Electronics, which is active in approximately 150 projects to transfer aerospace technology to GM products and operations. Electronic Data Systems and GM engineers are working together on a major project to improve the design stage of vehicle development. EDS and Hughes are also growing, both internally and by acquisition. Since being acquired by GM, they have invested over $1 billion in the acquisition of other businesses. Meanwhile, as we work to improve in North America, GM's international operations continue to prosper, with results at record levels.

These efforts are supported by GM's financial strength. As the 1980s capital program winds down, investment is increasingly being directed to product development.

All the major building blocks are in place. The following pages detail some of the ways in which GM is working.

Linda Tucker, an employe at GM's Buick City plant in Flint, Michigan, secures brake cabling to a LeSabre chassis. The efforts of Buick City's employes were recognized when the 1989 J. D. Power Initial Quality Survey named the Buick LeSabre "America's most trouble-free car."

Customers

General Motors is listening intently to its customers and is responding with quality vehicles that offer great value in today's highly competitive marketplace.

General Motors' strategies begin with the customer. Total customer satisfaction requires that we listen more carefully to the customer and conduct more market research. It also means a stronger service commitment from GM and its dealers. And, most important, it involves the quality, styling, and value of our products.

We are doing everything we can to make buying and owning a GM product as easy, satisfying, and trouble-free as possible.

We are listening to customers earlier in the product planning process. Marketing research is now integrated into the earliest stages of product planning, and new products must pass rigid customer-oriented tests before being released for development.

Survey programs regarding the buying and service experience at the dealership and the condition of the car upon delivery provide valuable input to GM's dealer organization.

Our three-year, 50,000-mile "Bumper to Bumper Plus" warranty, introduced in 1988, provides the strongest complete vehicle coverage GM has ever offered.

Total customer satisfaction is GM's highest priority. It includes listening to customers earlier in the planning process. It includes the quality and value of products to address customer needs and desires. And it includes personal attention throughout the purchasing and ownership experience.

Each of GM's car divisions has or is implementing an "800" number for its Customer Assistance Center. These numbers are included with the owner assistance information in the car's glove box. In addition, we are introducing new owner's manuals that are right on target with GM's renewed emphasis on customer satisfaction. They are written in plain English, with many full-color illustrations to help our customers understand the advanced technology in new GM cars and trucks.

Oldsmobile has introduced a new owner loyalty program called the Oldsmobile Edge. One element of this program offers buyers the option to return their 1990 Oldsmobile, within 30 days or 1,500 miles, for any reason and receive full credit toward the purchase of another Oldsmobile.

Cadillac is covering owners of all of its cars with around-the-clock Cadillac Roadside Service, the first program of its kind offered by any domestic manufacturer. Included are a toll-free hotline to answer simple repair questions and emergency roadside service by dealer technicians in specially equipped vans. If extensive service is required, Cadillac owners and their passengers are provided with free transportation to their home, a hotel, or other local destination. Buick, Oldsmobile, and Pontiac also have introduced a 24-hour roadside service program for owners of current models.

In Cincinnati, GM is piloting a program that raises our level of caring for the customer. This program increases the ability to repair the vehicle right the first time, expands dealership warranty and policy authority, enhances customer care activities in the dealership, and helps resolve customer complaints more quickly. This pilot program will be expanded to other locations.

We will continue to respond to customers' needs and concerns. Total customer satisfaction—including the quality, styling, and value of our products, and the quality of personal attention throughout the purchasing and ownership experience— remains our highest priority.

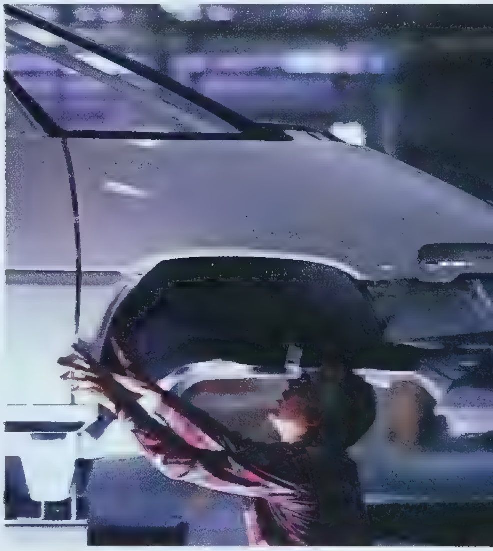
GM People

General Motors people, our strongest asset and best resource, are the foundation and strength of our Corporation's commitment to satisfying our customers.

The response of our people to GM's competitive challenges is proving to be a pivotal factor in leading GM into the 1990s. Today's competitive market demands that we not only meet our customers' expectations but exceed them in order to get the customer back for a second and third purchase. The company that exceeds buyers' expectations is one that offers the best quality and value.

GM's commitment to caring touches on two key elements—our people and our customers. Caring for our people involves focusing every effort of every individual in every phase of the business. In the end, a company's *people*—not simply the assets added up in the balance sheet—are what make the difference in the bottom line in any business. It's the commitment and focus of those people in putting those assets in motion that separate the great companies from the mediocre companies in any industry.

GM people at all levels are involved in problem solving and decision making. The heart of what makes this process work is GM's "People Philosophy," which focuses on four areas: people, teamwork, continuous improvement, and total customer satisfaction. We use our people's talents by asking for their ideas, drawing from their experience, and seeking creative involvement. With total customer satisfaction as our objective, we are promoting joint action and teamwork between union and management. This creates the spirit of participation and cooperation needed to achieve our goals. The process of continuous improvement involves establishing and maintaining a learning environment at all levels of the work force. We are investing in the training and education of all our employes so they can develop their skills and keep up with new technologies. In fact, since 1984, GM and the UAW have committed $1.6 billion to education, training, and retraining programs, making GM one of the country's largest privately funded educational and training institutions.



We also know that our customers must take pride in owning a GM car. That's where the second element of caring comes in—caring for the customer. Today, GM is a customer-driven company, and the "voice of the customer" is the determining factor in providing vehicles that offer superior value to those who own them and that are a source of pride for the people who build them.

The following two pages reflect the strength of this Corporation and what will make the difference in the long run: GM PEOPLE.

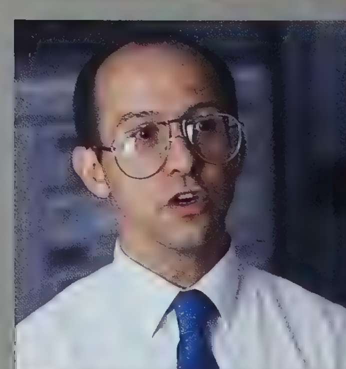
Front body panels on the Pontiac Trans Sport all-purpose vehicle undergo a quality check by Rafael Traverso at the C-P-C North Tarrytown, New York, plant. Left, Mike Johnson, an assembler at the Buick City complex in Flint, Michigan, finishes undercarriage work on the Buick LeSabre.

Entering the '90s: GM People Worldwide Are Ready

Pictured on these two pages are GM employes from several U.S. and international plants. Right, at the B-O-C Powertrain Division's engine plant in Livonia, Michigan, Pete Tunte, quality operator, checks the loading position of a crankshaft for transfer to the next quality operator.

Frank Kerr—Electrician (Vauxhall Motors Limited): *"The trade unions now have a more positive approach to building cars. Our members really believe that management does listen to our ideas."*

Janice Berger—Production Supervisor: *"When there's a problem we use people on the line to solve it. The old way, calling for help, took hours."*



James Pesnichak—Account Manager: *"At Buick City, where our just-in-time delivery system is bringing nearly 100% of our materials, we're turning inventory 106 times a year."*

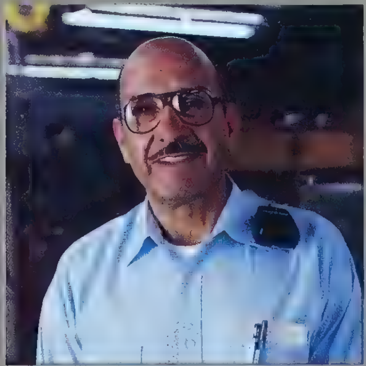
Antonio José Bueno—Technician (GM do Brasil): *"GM now has great systems integration with manufacturing. Our people have made the difference. We have high expectations, and we meet them."*

Irma Hokes—Quality Operator: *"Ten years ago management and the union blamed each other for problems. Now, we all know what we must do: satisfy customers."*

Jack Botner—Trim Department: *"In the old days you just did your job. Now we have the team concept; everybody jumps in and helps each other."*

Gil Martinez—Team Coordinator: *"We have finally realized we're in a war. We must do a better job than the competition, or we're in big trouble."*

Mark Vann—Senior Manufacturing Engineer: *"These new engines we're making for Cadillac are terrific. People love it when you can give them lots more power and keep gas mileage the same."*



Augustine Valdivia—Maintenance Department: *"In my old plant it was touchy; you only did your assigned job; here we learn each others' jobs and work in teams."*

Meeting Society's Needs

GM is actively involved in the search for alternative fuels and in eliminating the use of CFCs, and is at the forefront of auto safety development.

How can GM best contribute to cleaner air? To improvements in fuel economy? To auto safety?

For GM, there is only one course of action: to work with policymakers to develop rational, workable solutions—and then to modify, innovate, invent, and do whatever we must to implement those solutions.

Taking the lead in electric vehicle technology, GM has introduced the Impact concept electric car in Los Angeles. The feasibility of producing the Impact, which incorporates numerous new developments, is being evaluated.

Concern over oil supplies and the environment has sparked renewed interest in alternative fuels. While no single alternative fuel has emerged as a clear leader, we are advancing our knowledge on several fronts. For example, gasolines containing methanol or ethanol may help reduce carbon monoxide emissions. Each fuel is unique regarding cost, supply, environmental impact, and required vehicle technology.

GM is active in developing these technologies. Besides the Impact, we are providing variable-fuel vehicles that operate on alcohol/gasoline blends ranging from 85 percent methanol to 100 percent gasoline for California field tests. We also have been producing ethanol-fuel vehicles in Brazil. In 1989, we established two special events to involve future engineers. We sponsored a 1,100-mile road rally for 15 teams of college students driving methanol-fuel cars, and announced a 1,800-mile road race for 32 college teams driving solar-powered vehicles. The solar race will take place in July 1990.

GM also is a leader in combatting chlorofluorocarbons (CFCs). We are moving aggressively to redesign mobile air conditioners to use a non-CFC refrigerant which will be phased in beginning in 1993 and be completed with the start of the 1996 model year. All our dealerships will have recovery and recycling equipment by the fall of 1990 to eliminate the normal practice of venting CFC refrigerant into the atmosphere during servicing. Also, CFCs used in manufacturing vehicle seats and for degreasing parts are being eliminated as quickly as possible. We also continue to evaluate non-CFC cleaning solvents for electronic applications. It is critical that any substitute not degrade the reliability of the electronic onboard computer, which is essential for controlling vehicle emissions and fuel economy. Finally, we have asked our plants to review their usage of methyl chloroform and carbon tetrachloride.

GM devotes more resources to auto safety research than any other vehicle manufacturer in the world. Innovations that have kept GM at the forefront of auto safety development include side-guard beams, the energy-absorbing steering column, and the self-aligning steering wheel. We plan to produce nearly 1.3 million air bag-equipped cars in a variety of price and size categories in the 1991 model year, and by 1994, assuming normal sales conditions, we could produce 2.7 million vehicles with air bags. With that volume, GM expects to be the largest producer of air bag-equipped cars in the industry. Of course, air bag systems are supplementary; safety belts still must be worn for proper restraint.

The Impact, GM's concept electric car introduced in January 1990, has performance rivaling cars powered by internal combustion engines and range capabilities suitable for most urban drivers' daily needs. Powering past other electric vehicles, it accelerates from 0 to 60 mph in eight seconds and has a range of 120 miles.

Technology

Technological advances—in computer design, electronics, traction control, engines, robotics, and plastics—provide a competitive edge for the '90s.

The technological content of vehicles continues to increase rapidly, contributing to better vehicle performance, quality, safety, and comfort. At the same time, technology is a powerful tool for improving manufacturing processes and operational efficiency.

GM stands in the forefront of these developments. Through our Technical Staffs Group, as well as Electronic Data Systems (EDS), GM Hughes Electronics (GMHE), and Group Lotus, we have established technological preeminence in the auto industry.

Technological features available today from GM are designed to improve the safety, comfort, and convenience of our vehicles. These include remote keyless entry systems, which allow an owner to unlock the car doors or trunk lid from up to 30 feet away; front-wheel-drive traction control; head-up displays, which allow drivers to view vehicle speed and signal indicator data without looking away from the road; and high-performance multi-valve engines, among many others.

As the leader in providing technology-based solutions for the management and movement of data, voice, and image information, EDS is working with GM on a variety of automation projects—from vehicle assembly to warehousing. One is the C4 program, a computer-aided engineering, design, and manufacturing system to shorten vehicle production lead times and reduce production costs. When C4 is fully implemented by 1993, a new vehicle concept will become a computer image early in the design phase. The resulting data base will then be used to design the vehicle's individual parts and create the tooling that will eventually make those parts.

Applying technology pioneered for military applications, a Hughes thermal video system is used to test the quality of paint application on a Chevrolet Corvette in a bake oven at GM's Technical Center. Left, a futuristic new Information Management Center in Plano, Texas, serves EDS as the network command site to manage its global communications.

GMHE, a leader in advanced electronics and systems engineering, is working with GM on approximately 150 projects to adapt aerospace technology to automotive products and operations. These projects include the application of systems engineering and real-time software expertise to improve automotive design and manufacturing processes. They also include the development of advanced electronics technologies for use in motor vehicles and for increasing manufacturing efficiency and quality.

Projects include validation of electronic control systems, computer simulations, development of holographic rear-window stoplights and radar collision-warning systems, and factory automation.

GM production facilities are already employing Hughes-developed infrared scanning equipment to check manufacturing processes to assure quality production. GM also is using Hughes acoustic technology to analyze noise in a number of automotive components to ensure product quality.

International

The reindustrialization and restructuring of our international operations continue to pay off with a dramatic improvement in earnings.

Strong, growing overseas operations are a central element of GM's business strategies. In 1989, these operations generated record net income of $2,663.7 million, up 1.6 percent from 1988, on record sales of $25.9 billion. In recent years, we have restructured our overseas operations, refurbished our manufacturing facilities, reduced costs, and committed ourselves to an aggressive new product program—both in our established markets and in selected developing countries.

But we are not yet finished. Our overseas priorities are to: offer exciting products with new technology at an affordable price; increase sales and market share; promote customer satisfaction; improve market responsiveness; strengthen brand identity; and further reduce costs.

In Europe, GM passenger car sales have risen steadily from 1.3 million units in 1987 to a record 1.5 million in 1989. Our Opel/Vauxhall operations are, in fact, the fastest growing of the "Big Six" European car makers. Many of our European components and assembly plants are now running at full capacity. Consequently, we are undertaking plant improvements to increase production capacity by 12.5 percent through 1994. In December 1989, GM and Saab-Scania AB of Sweden agreed to form a joint venture to manufacture and distribute cars under the Saab name and produce GM cars for sale through the GM Europe organization.

Looking to the year 2000 and beyond, the largest potential growth markets will be in the Asia/Pacific region. To take advantage of the strong appeal of European products in Japan, we are marketing Opel Omega, Senator, Vectra, and Kadett models in that country.

We have made dramatic progress in Taiwan, moving from essentially no market presence in 1986 to a passenger car market share of more than 10 percent in 1989. In Korea, Daewoo Motors Co., Ltd., our 50 percent-owned joint venture, has increased its domestic sales from 46,000 units to 105,000 units over the same period. China, India, Thailand, and Indonesia also offer longer-term potential.

GM is a leading vehicle producer in Latin America. Overall, our Latin American operations have been profitable for the past six years. Our Brazilian subsidiary held an average of 30 percent of the passenger car market share for 1989. GM was especially strong in Mexico with a 50 percent increase in truck sales, representing a 29 percent share of that market.

We also are planning to assemble passenger cars and manufacture automotive components in Eastern Europe. Recent political changes and the imminent reorientation of economic policy in Eastern Europe should eventually lead to freer markets, which should provide more opportunities for motor vehicle production in those countries. In this connection, in January 1990, GM and RABA, Hungary's state-owned auto manufacturer, signed a preliminary agreement to produce engines and cars at a plant in western Hungary.

GM is the number one exporter of U.S.-made cars and trucks to international markets. In 1989, we sold more than 100,000 U.S. vehicles to our overseas dealers, an 18 percent increase from 1988.

Strong GM international operations are paced by Adam Opel in Germany and Vauxhall Motors in the U.K. Together, the two GM subsidiaries are the fastest growing of the "Big Six" European automakers, and the Opel Kadett, below, is GM's best-selling car worldwide. In addition to manufacturing cars worldwide, GM is the No. 1 exporter of U.S.-made vehicles to international markets.

Diversified Operations

Locomotives, aircraft engines, and other nonautomotive areas provide GM with an earnings base not directly affected by the cycles of its primary business.

Diversified operations provide a substantial earnings base not directly affected by the cycles of GM's primary business. These include Power Products and Defense Operations, as well as the nonautomotive business of major subsidiaries.

Electro-Motive Division, which 50 years ago pioneered the transition from steam to diesel-electric locomotives on U.S. railroads and around the world, has a pioneering role in bringing alternating-current (AC) technology to North American railroads. In cooperation with Siemens AG of the Federal Republic of Germany, EMD built the first all-new American-made diesel-electric locomotive with an AC traction system for passenger service and will build the first all-new freight locomotives in North America featuring AC technology for heavy-haul applications.

Allison Gas Turbine Division's GMA 2100 jetprop engine has been selected to power the Saab 2000, a 50-seat, high-speed regional aircraft scheduled to make its first flight in 1992.

Allison Transmission Division, another unit in Power Products and Defense Operations, is the largest producer of medium- and heavy-duty automatic transmissions for on-highway, off-highway, and military applications throughout the world.

GM's Military Vehicles Operation activity and the Diesel Division of GM of Canada Limited round out the group. MVO has recently teamed with units of Martin Marietta and Texas Instruments to compete for the U.S. Army's 33-month Heavy Force Modernization program. Diesel Division of Canada manufactures military vehicles and components, supporting MVO, and is part of GM's Locomotive Group with EMD.

GM's diversified operations also include GMAC, the finance and insurance arm that branched out into mortgage banking in 1985. GMAC has solidified its position in the marketplace as one of the nation's largest mortgage servicing companies. EDS, GM's computer systems and communications subsidiary, continues to expand its non-GM business; has acquired the electronic funds transfer business of Automatic Data Processing; and, with Hitachi, has acquired National Advanced Systems, a computer mainframe distributor. At the same time, Hughes Aircraft, which is among the prime U.S. defense contractors, is growing rapidly in telecommunications in pursuit of a strategy to expand its nondefense business.

In addition, GMFanuc Robotics Corporation, a joint venture between GM and Fanuc Ltd. of Japan, is the largest manufacturer of robots in the United States.

Electro-Motive Division will build four preproduction SD60MAC freight locomotives, the first in North America using alternating-current technology. Left, the GMA 2100 jetprop engine was developed by Allison Gas Turbine Division to power the Saab 2000 aircraft. It is the first commercial application of an engine that Allison built for the U.S. Navy.

Managing The Business

Cost reduction, product simplification, demand-driven manufacturing techniques, and other strategies are contributing importantly to GM's earnings.

General Motors is focused on a number of strategies to manage its business better, simplify its product lineup, improve productivity, reduce costs, and produce vehicles that meet the highest standards of quality and value.

We have implemented demand-driven manufacturing techniques to reduce production times, lower operating costs, and reduce inventory, while simultaneously increasing product quality and improving our flexibility to respond to market changes. One such technique is assembly-line job sequencing, introduced at all our North American assembly locations. It provides a method to better control the order in which jobs flow down an assembly line, utilizing labor and equipment more efficiently and matching production more directly to the products customers want.

With the help of EDS, we have developed a sophisticated "just-in-time" inventory management system to communicate planned material requirements to suppliers and authorize material shipments only as required. The result: better inventory management and lower costs.

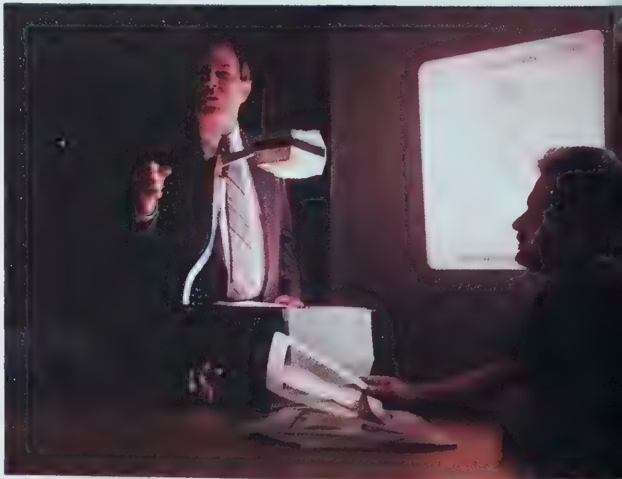
To improve component quality, we are involving suppliers earlier in the product design process. In addition, to deliver consistent quality, we are concentrating on longer-term relationships with fewer suppliers. The average number of suppliers to a GM assembly plant is about 425 today versus 800 in 1986.

The operating performance of GM component facilities is improving dramatically. Three years ago, nearly seven percent of our component products failed to meet competitive standards. That figure is now down to less than two percent. The improvement is due, in large part, to the mobilization of local plant managers, union representatives, and the entire plant work force through the joint Quality Network.

Through product simplification, we are consolidating engine offerings, reducing the number of vehicle models, and producing fewer build combinations. We marketed 175 models in the U.S. in 1986, we now make 150, and we plan a further reduction to 130 by 1992.

Our Action Plan to reduce costs is resulting in noticeable improvement. The plan is designed to yield permanent annual cost savings of up to $13 billion by the end of 1990, reducing GM's break-even point and making it possible to earn a profit on lower volume levels.

Part of the Action Plan is to restructure unprofitable or marginal operations through joint ventures and divestitures. Our newest joint venture is with Chrysler to manufacture a range of drive-line products. It combines our manual transmission plant in Muncie, Indiana, with a Chrysler gear plant in Syracuse, New York.

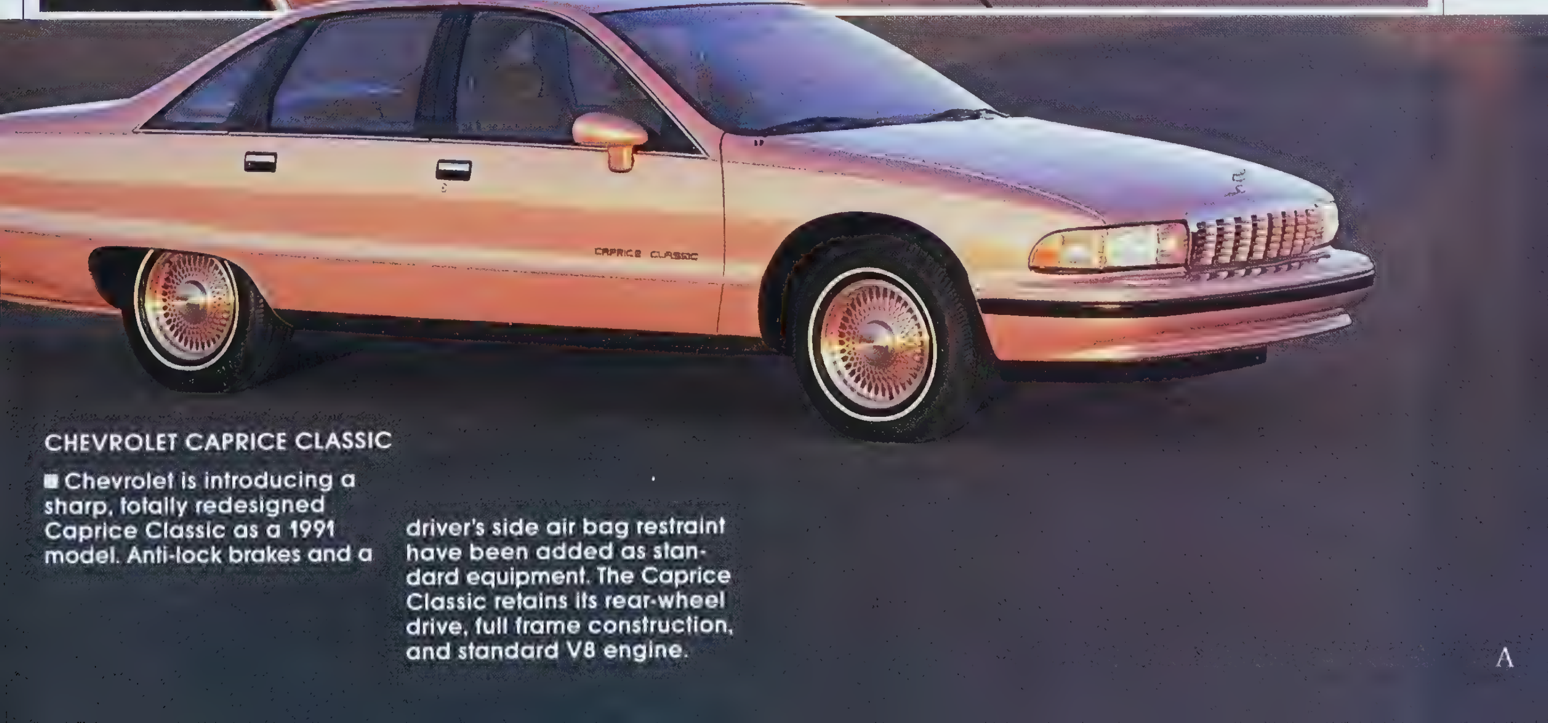


At C-P-C's North Tarrytown, New York, plant, a robot-controlled nozzle applies adhesive to bond body panels to the space frame of a minivan. Right, at B-O-C Powertrain's plant in Livonia, Michigan, Jack Armstrong, plant manager (standing), and Leon Skudlarek, union chairman, exemplify management and labor working together as a team.

ENTERING THE NINETIES

SETTING THE STANDARD IN QUALITY AND DESIGN

■ Pictured on the following pages are some of GM's exciting new cars and trucks. These vehicles offer customers the qualities they want most: reliable workmanship, distinctive styling, comfort, performance, and advanced technology. And they are backed by the GM commitment to total customer satisfaction throughout the purchasing and ownership experience. We invite you to visit your GM dealer for a test drive.



CHEVROLET CAPRICE CLASSIC

■ Chevrolet is introducing a sharp, totally redesigned Caprice Classic as a 1991 model. Anti-lock brakes and a driver's side air bag restraint have been added as standard equipment. The Caprice Classic retains its rear-wheel drive, full frame construction, and standard V8 engine.

CHEVROLET

BERETTA

■ Beretta, Chevy's best-selling sport coupe of the Eighties, unveils its new convertible for 1990. This innovative design features distinctive roof lines and an inward-folding top that allow both a roomy rear seat and a spacious trunk.

CHEVROLET

LUMINA EURO COUPE

■ Chevrolet's aero-styled Lumina Euro Coupe is a spacious six-passenger vehicle that does not sacrifice function for form. The Euro Coupe is powered by a 3.1-liter, 135 horsepower, multi-port fuel-injected engine.

PONTIAC

TRANS AM GTA

■ The Trans Am GTA continues to set the pace as one of America's finest performance cars. The 1990 model adds a standard high-output 5.7-liter V8 engine and a rally-tuned suspension for instantaneous response upon command. The driver's side air bag and the Pass-Key theft deterrent system enhance safety and security.

PONTIAC

GRAND PRIX STE

■ The Pontiac Grand Prix STE emerges as a fully equipped sedan that provides the utility of a four-door without sacrificing the sportiness, styling, and performance found in coupes. A front light bar containing fog lamps now extends the entire width of the car.

EIGHTY-EIGHT ROYALE BROUGHAM

■ The Oldsmobile Eighty-Eight Royale Brougham starts the new decade with its traditional values—plenty of interior room, tasteful styling, and solid comfort. Acoustical materials are used generously throughout the body to absorb noise inside and out.

OLDSMOBILE

TROFÉO

■ The Troféo, Oldsmobile's two-door image leader, enters the Nineties with a completely redesigned interior and exterior. Improvements in ride and handling combine with an optional advanced user-friendly visual information center to satisfy the most demanding customer.

REGAL LIMITED

■ Buick's new Regal Limited sedan shares the coupe's independent rear suspension, power four-wheel disc brakes, and sophisticated chassis with a four-door style all its own. An exclusive option is the new 170 horsepower, 3800 V6 engine with tuned-port injection.

BUICK

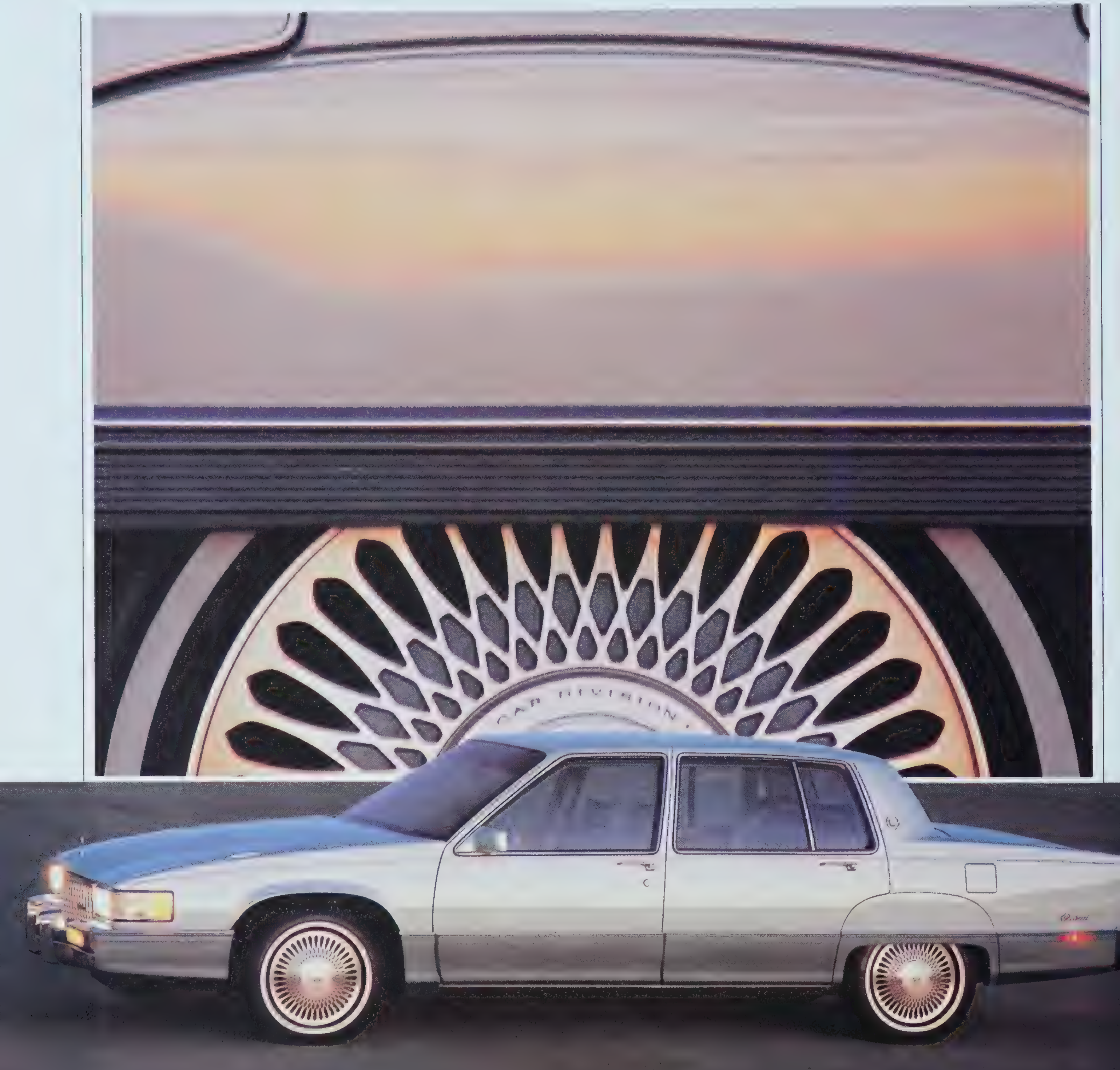
REATTA

■ Reatta, Buick's two-passenger luxury car, unveils a new convertible for 1990.

Meticulous engineering gives the Reatta performance and styling that make it stand out in the crowd.

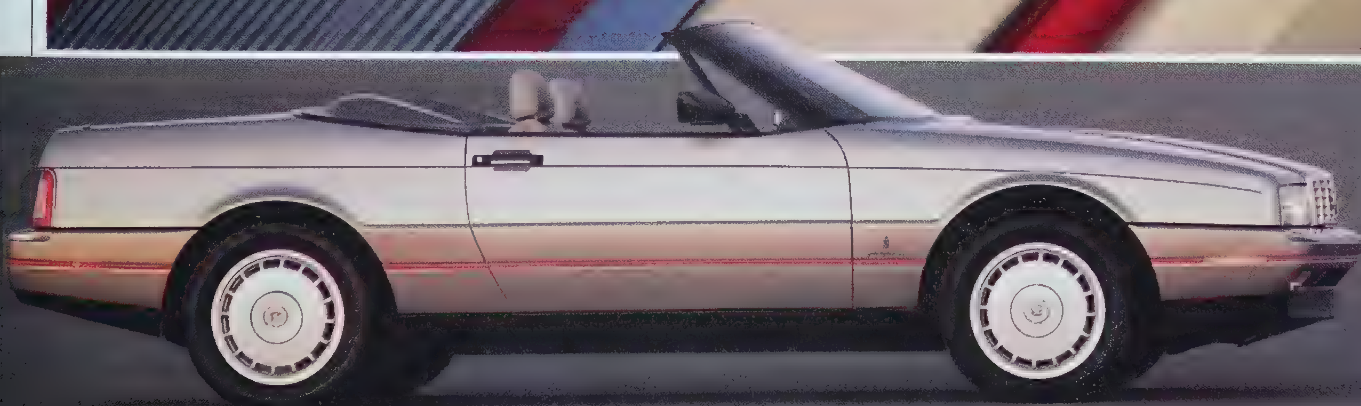
CADILLAC

FLEETWOOD



■ Cadillac's distinctive Fleetwood offers full-size six-passenger comfort and ride in executive-class luxury. Added for 1990 are the Pass-Key security system, more power in the exclusive V8 engine, and an up-scale acoustic package that reduces noise levels.

CADILLAC
ALLANTÉ



■ The Allanté, Cadillac's expressive, ultra-luxury car, unveils a new soft-top-only version for 1990. Additionally, the world's first front-wheel-drive traction control system and a driver's side air bag system highlight advanced technology for the new decade. Allanté's sophistication and comfort combined with its European road manners make driving a unique experience.

VAUXHALL CALIBRA

■ The Opel/Vauxhall Calibra, winner of many awards, including Britain's Autocar and Motor magazine's "Design of the Year" award, boasts the lowest drag coefficient (0.26) of any production vehicle in the world today. The widely acclaimed Calibra is available as a two-wheel-drive or optional four-wheel-drive model.

OPEL SENATOR

■ The Opel/Vauxhall Senator, GM Europe's top model, is powered by a new 3-liter, six-cylinder, 24-valve engine for 1990. The highly efficient, smooth running engine delivers maximum output with moderate fuel consumption. The in-line six provides generous torque at all speeds with reduced vibration and noise levels.

CHEVROLET

FOUR-DOOR BLAZER

■ Chevy's brand-new four-door S-10 Blazer for 1991 blends the comfort and roominess of a family sedan with the versatility of a sport coupe. This great-looking, fun-to-drive vehicle has four-wheel anti-lock brakes as standard equipment. The Tahoe-equipped Blazer is shown here.

FULL-SIZE PICKUP

■ Chevrolet's full-size pickups are the best engineered pickups in its history. Standard equipment includes power steering, power front disc/rear drum brakes, a rear-wheel anti-lock brake system, and all season steel-belted radial tires. Shown here is the extended-cab pickup with the Silverado trim level.

GMC TRUCK

SAFARI XT

■ The smart, new Safari XT stretches the mid-size van's cargo capacity by an extra 18.6 cubic feet. A restyled instrument panel and a four-wheel anti-lock braking system are new for 1990.

Operating And Financial Review

Earnings

GM's net income was $4,224.3 million in 1989, down 13.0% from 1988. Net income per share of $1-2/3 par value common stock was $6.33, down 11.7%. Sales and revenues increased 2.7% to $126.9 billion.

Net income declined in 1989 from record 1988 results, due primarily to lower volume in the North American automotive market in the fourth quarter of the year and increased sales incentives due to competitive pressures.

In 1988, net income of $4,856.3 million was 36.8% higher than in 1987. Net income of $7.17 per share of $1-2/3 par value common stock in 1988 was up 42.5%.

Net income for 1988 included $0.35 per share of $1-2/3 par value common stock and $0.05 per share of Class H common stock resulting from an accounting change, adopted January 1, 1988, to include in inventory certain manufacturing overhead costs previously charged directly to expense.

Net income for 1989 and 1988 was also favorably affected by a lower statutory tax rate, a net tax credit reflecting the continuing amortization of investment tax credits earned in prior years, and tax benefits, amounting to $220.7 million and $353.9 million, or $0.36 and $0.58 per share, respectively, of $1-2/3 par value common stock, related to the utilization of loss carryforwards at certain overseas operations.

Dollar sales and revenues include price adjustments of $1.8 billion in 1989, $1.1 billion in 1988, and $3.2 billion in 1987.

Earnings on common stocks as a percent of average common stockholders' equity (including common stock subject to repurchase) was 12.0% in 1989, compared with 14.6% in 1988 and 11.3% in 1987.

Profit margin (net income as a percent of net sales and revenues), with GMAC on an equity basis, was 3.8% in 1989 and 4.4% in 1988. Cost of sales and other operating charges as a percent of net sales and revenues of General Motors operations was 84.3% in 1989 and 84.8% in 1988.

Automotive Business

General Motors once again sold more automobiles than any other manufacturer in the world. Worldwide factory sales of vehicles to GM dealers totaled 7,946,000 units in 1989, down 2.0% from 1988. GM unit sales declined 6.6% in the United States and 0.1% in Canada, partially offset by an increase of 8.2% overseas, including a rise of 9.8% in Europe.

GM's worldwide factory sales of cars in 1989 were 5,735,000 units, down 2.5%. Truck sales, which account for over one-fourth of the Corporation's annual unit volume, were 2,211,000 units, down 0.7% from 1988.

In the United States, industry sales of cars and light-duty trucks declined 6.0% in 1989 to 14.9 million units. Industry sales were below 15 million units for the first time since 1984. In Europe, by contrast, industry sales remained strong throughout 1989.

GM's share of total U.S. retail vehicle sales declined to 34.6% in 1989 from 35.2% in 1988 and 34.7% a year earlier. GM's share of domestic car sales was 35.1%, compared with 36.2% in 1988 and 36.6% in 1987. GM dealers sold 1.7 million light-duty trucks, despite lower industry volume, and GM increased its market share to 34.9% in 1989 from 34.3% in 1988 and 31.5% in 1987. Trucks account for approximately one-third of GM's total unit sales in the U.S.

Of the 20 top-selling cars in the United States, nine were GM nameplates, more than any other manufacturer. Of the 15 top-selling trucks, six were GM nameplates, also more than any other manufacturer.

Although 1989 income was down from 1988, GM's North American operating groups continued to be profitable, permitting a minimum payout of $50 per employe, or $22.1 million, under the profit sharing plan. Costs during the year included $1.5 billion in sales incentives.

GM's primary goal in North America is to profitably raise its market share. Doing so will require continued product innovation, quality improvement, cost reductions, and effective marketing programs.

GM is in the midst of an aggressive new product program, introducing as many new 1990 model cars and trucks as Ford, Chrysler, Toyota, and Honda combined. Between the 1990 and 1994 model years, GM plans to update 99% of its domestic car volume and almost 60% of its domestic truck volume.

The Corporation is also making significant strides in the area of product quality. In the 1989 J. D. Power Sales Satisfaction Index, GM was ranked as the top domestic manufacturer among car owners and GMC Truck as the top manufacturer among compact-truck owners. Moreover, in the 1989 J. D. Power Initial Quality Survey, the Buick LeSabre was the highest-ranked American model for trouble-free cars and was second among 154 domestic and import models. For the third straight year, Cadillac was the top domestic

WORLDWIDE FACTORY SALES

(Units in Thousands)	CARS			TRUCKS			TOTAL		
	1989	**1988**	**1987**	**1989**	**1988**	**1987**	**1989**	**1988**	**1987**
United States	3,238	3,516	3,592	1,599	1,661	1,520	4,837	5,177	5,112
Canada	414	411	344	323	327	238	737	738	582
Overseas*	2,083	1,955	1,857	289	238	214	2,372	2,193	2,071
TOTAL	5,735	5,882	5,793	2,211	2,226	1,972	7,946	8,108	7,765

*Includes units which are manufactured overseas by other companies and which are imported and sold by General Motors and affiliates.

nameplate for combined product quality and dealer service in the 1989 J. D. Power Customer Satisfaction Index.

Our Action Plan to reduce costs is resulting in noticeable improvement. The plan is designed to yield permanent annual cost savings of up to $13 billion by the end of 1990, reducing GM's break-even point and making it possible to earn a profit on lower volume levels. Permanent annual cost reductions in excess of $3 billion were achieved in 1989 through the plan, raising total cost savings from this plan to $11.5 billion since 1987.

The 1989 financial and operating performance of GM's overseas automotive businesses was once again very strong. Vehicle sales increased in Europe, Latin America, and Asia/Pacific markets, and overseas earnings were at a record level. Earnings of $2,663.7 million in 1989 represented a 1.6% gain from $2,621.6 million in 1988. Overseas business units paid cash dividends of $1,820.1 million to GM in 1989 and $1,194.1 million in 1988.

In November 1989, the Corporation sold 20 million shares of Isuzu Motors Limited stock to a number of Japanese financial institutions. The sale reduced the Corporation's interest in Isuzu from 40.2% to 38.2% and favorably affected earnings by $82.8 million, or $0.14 per share of $1-2/3 par value common stock. The 38.2% interest exceeds GM's initial 34.2% interest in Isuzu. The strong commercial relationship between the two organizations in product manufacturing, development, and marketing is important to both parties and will further expand in new areas worldwide.

RETAIL UNIT SALES OF CARS AND TRUCKS WORLDWIDE

(Units in Thousands)	1989	1988	Change from '88
Worldwide Industry	44,600	44,130	470
GM	7,979	8,265	(286)
As % of worldwide	17.9%	18.7%	(0.8 pts.)
United States:			
Industry	14,855	15,799	(944)
GM: cars	3,437	3,822	(385)
trucks	1,708	1,741	(33)
total	5,145	5,563	(418)
As % of U.S.	34.6%	35.2%	(0.6 pts.)
Foreign sponsored	4,071	4,215	(144)
As % of U.S.	27.4%	26.7%	0.7 pts.
Canada:			
Industry	1,480	1,562	(82)
GM	510	559	(49)
As % of Canada	34.5%	35.8%	(1.3 pts.)
International:			
Industry	28,265	26,769	1,496
GM: cars	2,023	1,863	160
trucks	301	280	21
total	2,324	2,143	181
As % of international	8.2%	8.0%	0.2 pts.
GM cars & trucks:			
Europe	1,595	1,450	145
West Germany	472	441	31
United Kingdom	395	348	47
As % of Europe	10.5%	10.0%	0.5 pts.
Latin America	361	342	19
Brazil	212	195	17
Mexico	72	48	24
Venezuela	7	36	(29)
Africa	29	37	(8)
Middle East	52	65	(13)
Asia/Pacific	287	249	38
Australia	98	92	6

Prospects for the automotive industry over the next decade are discussed in the section titled "The 1990s: A Continuing Challenge" in the Message to Stockholders on page 2 of this Report.

General Motors Acceptance Corporation

GMAC's 1989 earnings of $1,110.7 million were down 6.5% from $1,187.6 million in 1988, due primarily to higher borrowing costs which narrowed interest rate margins. The 1989 earnings include $50.7 million resulting from the sale to Isuzu Motors Limited of GMAC's 51% interest in Isuzu Motors Finance Co., Ltd. Gross revenue was a record $14,503.8 million, up $1,004.2 million from 1988, as GMAC continued to expand its programs to serve the financing and insurance needs of GM customers and dealers.

Total financing revenue amounted to $11,215.5 million, up $570.9 million from 1988. Retail and lease financing revenue, the largest segment of GMAC's business, was $7,488.4 million, up $325.2 million from the prior year level. Revenue from leasing operations decreased 2.7% to $2,187.0 million. Wholesale financing revenue increased 24.8% to $1,540.1 million. Other income totaled $2,131.9 million in 1989, compared with $1,648.1 million in 1988. The increase was due primarily to interest earned on notes receivable from General Motors Corporation.

Insurance premiums earned by Motors Insurance Corporation decreased to $1,156.4 million in 1989 from $1,206.9 million in 1988.

Interest and discount expense rose 19.1% to $7,908.3 million in 1989, reflecting increased borrowing costs.

Total earning assets of GMAC were a record $102.2 billion at December 31, 1989, up 4.7% from $97.6 billion at December 31, 1988. GMAC's total borrowings were $86.9 billion at December 31, 1989, a 6.1% increase over year-end 1988. Approximately 84% of 1989 borrowings supported United States operations.

Another Record Year for EDS

Electronic Data Systems Corporation (EDS) had another excellent year, achieving separate consolidated

net income of $435.3 million in 1989, up 13.3% from 1988. Earnings per share attributable to Class E common stock on a post-split basis were $1.81, up from $1.57 in 1988 and $1.33 in 1987, and are based on the Available Separate Consolidated Net Income of EDS (described in Note 9 to the Financial Statements).

EDS is the world leader in systems integration and communication services. Sales to sources outside GM and its affiliates rose 25.0% in 1989 to $2,384.6 million, reflecting EDS's success in obtaining new business as well as growth through acquisitions. In addition, EDS continued to assist GM in a variety of automation projects being implemented in the Corporation's factories and offices.

EDS financial statements do not include the $2,179.5 million cost to GM of EDS customer contracts, computer software programs, and other intangible assets, including goodwill, arising from the acquisition of EDS by GM in 1984. This cost, plus the $343.2 million cost of contingent notes purchased in 1986, less certain income tax benefits, was assigned principally to intangible assets, including goodwill, and is being amortized by GM over the estimated useful lives of the assets acquired. Such amortization was $348.9 million in 1989, $386.6 million in 1988, and $385.7 million in 1987.

For the purpose of determining earnings per share and amounts available for dividends on common stocks, such amortization is charged against earnings attributable to GM's $1-2/3 par value common stock. The effect of EDS operations on the earnings attributable to $1-2/3 par value common stock was a net charge of $225.1 million in 1989, $286.1 million in 1988, and $257.0 million in 1987, consisting of the previously described amortization less related income tax benefits, profit on intercompany transactions, and the earnings of EDS attributable to $1-2/3 par value common stock. The net charge does not reflect any estimate of the savings realized by GM from the installation of new computer systems within GM operations.

SUMMARY FINANCIAL DATA–GMAC

Condensed Statement of Separate Consolidated Net Income

(Dollars in Millions)	Years Ended December 31, 1989	1988	1987
Financing Revenue:			
Retail and lease financing	$ 7,488.4	$ 7,163.2	$ 7,234.4
Leasing	2,187.0	2,247.0	2,397.7
Wholesale	1,540.1	1,234.4	1,229.8
Total financing revenue	11,215.5	10,644.6	10,861.9
Insurance premiums earned	1,156.4	1,206.9	1,176.4
Other income	2,131.9	1,648.1	1,362.4
Gross Revenue	14,503.8	13,499.6	13,400.7
Interest and discount	7,908.3	6,641.9	6,118.3
Other expenses	5,044.0	5,060.0	4,906.0
Total Expenses	12,952.3	11,701.9	11,024.3
Income before income taxes	1,551.5	1,797.7	2,376.4
Income taxes	440.8	610.1	923.2
Separate Consolidated Net Income	$ 1,110.7	$ 1,187.6	$ 1,453.2
Dividends paid to GM	$ 600.0	$ 1,000.0	$ 900.0

Condensed Consolidated Balance Sheet

(Dollars in Millions)	December 31, 1989	1988
Cash and investments in securities	$ 3,142.6	$ 3,272.0
Finance receivables—net	79,120.1	74,230.8
Notes receivable from General Motors Corporation	14,460.5	14,840.0
Other assets	6,839.2	6,698.1
Total Assets	$103,562.4	$99,040.9
Short-term debt	$ 54,415.4	$54,505.0
Accounts payable and other liabilities (including GM and affiliates—$2,897.7 and $3,515.5)	8,912.0	9,960.3
Long-term debt	32,453.0	27,370.4
Stockholder's equity	7,782.0	7,205.2
Total Liabilities and Stockholder's Equity	$103,562.4	$99,040.9

SUMMARY FINANCIAL DATA–EDS

(Dollars in Millions Except Per Share Amounts)	Years Ended December 31, 1989	1988	1987
Revenues:			
Systems and other contracts:			
GM and affiliates	$2,988.9	$2,837.0	$2,883.3
Outside customers	2,384.6	1,907.6	1,444.8
Interest and other income	93.3	99.5	99.6
Total Revenues	5,466.8	4,844.1	4,427.7
Costs and Expenses	4,786.5	4,254.7	3,903.4
Income Taxes	245.0	205.3	201.2
Separate Consolidated Net Income	$ 435.3	$ 384.1	$ 323.1
Available Separate Consolidated Net Income*	$ 171.0	$ 160.3	$ 139.1
Average number of shares of Class E common stock outstanding (in millions)**	94.5	101.8	105.2
Earnings Attributable to Class E Common Stock on a Per Share Basis**	$1.81	$1.57	$1.33
Cash dividends per share of Class E common stock**	$0.48	$0.34	$0.26

*Separate consolidated net income of EDS multiplied by a fraction, the numerator of which is the weighted average number of shares of Class E common stock outstanding and the denominator of which is currently 238.7 million shares (post-split). The denominator during 1988 and 1987 was 243.8 million shares (post-split). Available Separate Consolidated Net Income is determined quarterly.

**Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend declared February 5, 1990, payable to Class E common stockholders on March 10, 1990.

GM Hughes Electronics

Earnings of GM Hughes Electronics Corporation (GMHE) declined 2.6% to $781.2 million, while revenues increased 1.0% to $11,359.0 million. Earnings per share attributable to Class H common stock were $1.94 in 1989, compared with $2.01 in 1988 and $1.67 in 1987, and are based on the Available Separate Consolidated Net Income of GMHE (described in Note 9 to the Financial Statements).

Results for 1989 include a nonrecurring charge of $30.8 million, or $0.08 per share of Class H common stock, for costs associated with Hughes Aircraft employment reductions in anticipation of U.S. defense spending cutbacks, partially offset by a gain of $17.2 million, or $0.04 per share of Class H common stock, from the sale of a portion of Hughes Aircraft's stock holdings in Nippon Avionics Co., Ltd.

GMHE is the world leader in defense electronics sales. In addition, GMHE serves commercial customers in such areas as automobile electronics and satellite communications. GMHE also provides direct support to GM through projects to automate the Corporation's factories and by supplying components and technologies for GM vehicles. GMHE is working with GM on approximately 150 projects to adapt aerospace technology to automotive products and operations.

For the purpose of determining earnings per share and amounts available for dividends on common stocks, the amortization of intangible assets arising from the acquisition of Hughes in 1985 is charged against earnings attributable to GM's $1-2/3 par value common stock. The effect of GMHE operations on the earnings attributable to $1-2/3 par value common stock was a net credit of $17.8 million in 1989 and a net charge of $31.6 million and $55.3 million in 1988 and 1987, respectively, consisting of amortization of the intangible assets, profit on intercompany transactions, and the earnings of GMHE attributable to $1-2/3 par value common stock. The net credit/charge does not reflect any estimate of the savings and improvements in product development or plant operation resulting from the application of GMHE technology to GM's operations.

SUMMARY FINANCIAL DATA–GMHE

	Years Ended December 31,		
(Dollars in Millions Except Per Share Amounts)	**1989**	**1988**	**1987**
Revenues:			
Net sales:			
Outside customers	$ 7,647.7	$ 7,518.2	$ 7,273.2
GM and affiliates	3,521.8	3,482.8	3,134.4
Other income-net	189.5	242.6	73.4
Total Revenues	11,359.0	11,243.6	10,481.0
Costs and Expenses	10,371.3	10,259.7	9,581.8
Income Taxes	355.3	349.3	378.1
Income before cumulative effect of accounting change	632.4	634.6	521.1
Cumulative effect of accounting change	–	18.7*	–
Separate Consolidated Net Income	632.4	653.3	521.1
Available Separate Consolidated Net Income:			
Adjustments to exclude the effect of purchase accounting**	148.8	148.8	148.8
Earnings of GMHE, Excluding Purchase Accounting Adjustments	$ 781.2	$ 802.1	$ 669.9
Available Separate Consolidated Net Income* **	$ 188.1	$ 256.9	$ 219.2
Average number of shares of Class H common stock outstanding (in millions)	95.7	127.9	130.8
Earnings Attributable to Class H Common Stock on a Per Share Basis:			
Before cumulative effect of accounting change	$1.94	$1.96	$1.67
Cumulative effect of accounting change	–	0.05	–
Net earnings attributable to Class H common stock	$1.94	$2.01	$1.67
Cash dividends per share of Class H common stock	$0.72	$0.44	$0.36

*Effective January 1, 1988, accounting procedures at Delco Electronics were changed to include in inventory certain manufacturing overhead costs previously charged directly to expense.
**Amortization of intangible assets arising from the acquisition of Hughes Aircraft Company.
***Earnings of GMHE, excluding purchase accounting adjustments, multiplied by a fraction, the numerator of which is the weighted average number of shares of Class H common stock outstanding and the denominator of which is currently 400 million shares. Available Separate Consolidated Net Income is determined quarterly.

Cash Flow

One of General Motors' underlying financial strengths is its substantial cash flow from operations. Net cash provided by operating activities with GMAC on an equity basis was $11,553.4 million in 1989, compared with $11,093.1 million in 1988. Net cash provided by operating activities, including GMAC, was $13,005.8 million in 1989, $14,476.6 million in 1988, and $13,596.4 million in 1987. Cash flow is expected to remain strong in 1990.

Cash and cash equivalents at December 31, 1989 with GMAC on an equity basis totaled $4,999.8 million, compared with $5,578.7 million a year earlier. The decrease in 1989 was due to an excess of net cash used in investing (primarily property expenditures) and financing (primarily repurchases of common stocks and cash dividends paid to stockholders) activities over net cash provided by operating activities. Including GMAC, cash and cash equivalents were $5,169.5 million at December 31, 1989, $5,800.3 million a year earlier, and $3,723.0 million at the end of 1987. The 1989 decrease was due primarily to an excess of net cash used in investing activities (primarily property expenditures and finance receivable acquisitions net of liquidations) over the amount of cash provided by operating and financing (primarily the net increase in long-term debt) activities.

GM's liquidity can also be measured by its current ratio (current assets to current liabilities with

Operating And Financial Review *(continued)*

GMAC on an equity basis). At December 31, 1989 and 1988, the current ratio was 1.72 and 1.78, respectively.

Debt Changes

GM and its subsidiaries maintained a very strong balance sheet, providing substantial financial flexibility for the Corporation.

Long-term debt of GM and its subsidiaries with GMAC on an equity basis was $4,254.7 million at the end of 1989, an increase of $11.6 million during the year. The ratio of long-term debt to the total of long-term debt and stockholders' equity (excluding common stock subject to repurchase) was 10.8% at December 31, 1989, up from 10.6% at the end of 1988. The ratio of long-term debt and short-term loans payable to the total of this debt and stockholders' equity (excluding common stock subject to repurchase) was 15.8% at the end of 1989 compared to 14.8% at year-end 1988.

During 1989, notes and loans payable of GM and its subsidiaries, including GMAC (as detailed in Note 14 to the Financial Statements), increased 6.0% to $93,424.8 million at year-end from $88,130.1 million at December 31, 1988. This increase was due to an increase in long-term borrowing needs reflecting a decrease in net cash provided by operating activities. GM's fully consolidated ratio of debt to stockholders' equity (excluding common stock subject to repurchase) was 2.67 to 1 at December 31, 1989 compared to 2.47 to 1 a year earlier.

During 1988, notes and loans payable declined $563.3 million to $88,130.1 million at December 31, 1988. This decline was attributable to a reduction in long-term borrowing needs reflecting an increase in net cash provided by operating activities in 1988.

The senior long-term debt of GM and GMAC continues to be rated Aa3 by Moody's and AA− by Standard & Poor's. GMAC commercial paper retains the highest possible rating.

At year-end, GM and its subsidiaries, including GMAC, had unused short-term credit lines totaling approximately $19.0 billion and unused long-term credit agreements of approximately $1.3 billion.

Capital Spending

GM's worldwide capital expenditures were $7.5 billion in 1989, $5.6 billion in 1988, and $7.2 billion in 1987. Expenditures in 1989 were focused primarily on product development, in support of the Corporation's programs to continue to improve product quality and establish a more distinctive product identity for each of its divisions.

Worldwide expenditures for real estate, plants, and equipment were $4.6 billion in 1989, compared with $3.4 billion in 1988 and $4.8 billion in 1987. Of the 1989 expenditures, approximately 78% were in the United States (74% in 1988 and 79% in 1987), 7% in Canada (12% in 1988 and 10% in 1987), and 15% overseas (14% in 1988 and 11% in 1987).

Worldwide expenditures for special tools were $2.9 billion in 1989, $2.2 billion in 1988, and $2.4 billion in 1987.

Commitments for capital spending, including special tools, were $4.3 billion at December 31, 1989. Estimated capital expenditures of $6.5 billion in 1990 are expected to be financed primarily from cash flows provided by operating activities.

Stock Repurchase Program

GM's stock repurchase program is aimed at enhancing shareholder value. Under this program, the Corporation in March 1987 began to use a portion of its cash flow to repurchase up to 128 million shares of its $1-2/3 par value common stock and as many as five million shares of Class E common and ten million shares of Class H common stocks through open market purchases. The initially announced repurchase of the five million shares of Class E common stock was completed and two additional repurchase programs of five million shares each on a pre-split basis were announced in May 1988 and February 1990, respectively.

Through 1989, repurchases through

EMPLOYMENT, PAYROLLS, AND BENEFITS

	1989	1988	1987
Average worldwide employment			
GM (excluding units listed below)	628,500	624,000	673,100
GMAC	18,400	18,500	18,200
EDS	55,000	47,500	44,600
Hughes	73,200	75,700	77,500
Average number of employes	775,100	765,700	813,400
Worldwide payrolls (in millions)	$28,337.9	$27,548.6	$27,145.7
Average U.S. hourly employment*	299,800	309,700	344,700
U.S. hourly payrolls* (in millions)	$13,165.9	$13,242.0	$12,841.5
Average labor cost per hour worked—U.S. hourly*	$29.50	$27.90	$25.90
North American employment at December 31 (excluding GMAC, EDS, and Hughes)			
Salaried	100,700	99,900	106,500
Hourly	328,500	343,600	366,000
Total	429,200	443,500	472,500
Payments for benefit plans—U.S. (in billions)*			
Pensions	$ —**	$0.8	$1.4
Health care	2.9	3.0	2.9
Other	1.8	1.9	1.8
Total	$4.7	$5.7	$6.1
Equal employment opportunity*:			
Minorities as % of GM U.S. work force	21%	21%	21%
White-collar	15%	14%	14%
Blue-collar	23%	23%	23%
Women as % of GM U.S. work force	19%	19%	19%
White-collar	27%	27%	27%
Blue-collar	16%	17%	17%

*Excludes EDS and Hughes.
**Contribution not required by ERISA.

this program totaled 37.6 million $1-2/3 par value common shares, 9.8 million Class E common shares (pre-split), and 4.0 million Class H common shares. In 1989, the Corporation purchased a total of 9,856,604 $1-2/3 par value common shares at an average price of $42.76 per share, 2,951,709 Class E common shares at an average price of $50.53 per share on a pre-split basis, and 1,035,297 Class H common shares at an average price of $27.22 per share.

In addition to the stock repurchase program, the Corporation purchased $1-2/3 par value common, Class E common, and Class H common shares on the open market to satisfy share requirements for the incentive and benefits plans of the Corporation and its subsidiaries.

Dividend Policy

The Corporation's policy is to distribute dividends on $1-2/3 par value common stock based on the outlook and indicated capital needs of the business. With respect to Class E common and Class H common stocks, the Corporation's current policy is to pay cash dividends approximately equal to 30% and 35% of the Available Separate Consolidated Net Income of EDS and GMHE, respectively, for the prior year.

On March 31, 1989, GM distributed a two-for-one stock split in the form of a 100% stock dividend on its $1-2/3 par value common stock.

Book Value

Book value per share of $1-2/3 par value common stock was $52.32 at the end of 1989, up from $48.92 a year earlier and $44.55 at the end of 1987. On a post-split basis, book value per share of Class E common stock increased to $13.41 from $12.54 and $11.41 at the end of 1988 and 1987, respectively. Book value per share of Class H common stock increased to $26.18 from $24.48 and $22.30 at the end of 1988 and 1987, respectively. Excluding common stock subject to repurchase, book value per share of Class H common stock would be $20.22 at the end of 1989.

Accounting Standards

During 1989, the Financial Accounting Standards Board delayed implementation of Statement of Financial Accounting Standards (SFAS) No. 96, Accounting for Income Taxes, until January 1, 1992, while continuing to encourage earlier voluntary adoption. GM has not adopted SFAS No. 96. The effect of the adoption of SFAS No. 96 is expected to be favorable to net income, but in an amount that the Corporation is unable to quantify at this time.

General Motors Operations with GMAC on an Equity Basis

The following presents financial data of the Corporation's manufacturing, wholesale marketing, defense, electronics, and computer service operations with the financing and insurance operations reflected on an equity basis consistent with reporting prior to 1988.

Statement of Consolidated Income	**Years Ended December 31,**	
(Dollars in Millions)	**1989**	**1988**
Net Sales and Revenues		
Manufactured products	$109,893.9	$108,075.9
Computer systems services	2,639.3	2,152.6
Total Net Sales and Revenues	112,533.2	110,228.5
Costs and Expenses		
Cost of sales and other operating charges, exclusive of items below	94,913.9	93,486.7
Selling, general, and administrative expenses	7,240.0	6,655.3
Depreciation and amortization of property	5,087.6	4,950.5
Amortization of intangible assets	505.5	545.1
Total Costs and Expenses	107,747.0	105,637.6
Operating Income	4,786.2	4,590.9
Other income less income deductions—net	2,331.2	1,847.4
Interest expense	(2,228.4)	(1,537.3)
Income before Income Taxes	4,889.0	4,901.0
Income taxes	1,733.2	1,492.5
Income after Income Taxes	3,155.8	3,408.5
Earnings of nonconsolidated affiliates	1,068.5	1,223.6
Income before cumulative effect of accounting change	4,224.3	4,632.1
Cumulative effect of accounting change	–	224.2
Net Income	$ 4,224.3	$ 4,856.3

Certain amounts for 1988 have been reclassified to conform with 1989 classifications.

General Motors Operations with GMAC on an Equity Basis *(continued)*

Consolidated Balance Sheet
(Dollars in Millions)

ASSETS	**December 31, 1989**	**1988**
Current Assets		
Cash and cash equivalents	$ 4,999.8	$ 5,578.7
Other marketable securities	2,070.9	1,258.0
Total cash and marketable securities	7,070.7	6,836.7
Accounts and notes receivable:		
Trade	18,037.4	17,337.1
Nonconsolidated affiliates	3,758.8	3,742.5
Inventories	7,991.7	7,984.3
Contracts in process	2,073.3	2,035.4
Prepaid expenses and deferred income taxes	2,374.4	2,475.8
Total Current Assets	41,306.3	40,411.8
Equity in Net Assets of Nonconsolidated Affiliates	9,000.1	8,331.8
Other Investments and Miscellaneous Assets	5,761.8	5,636.0
Property	33,895.2	31,832.4
Intangible Assets	6,801.7	5,013.1
Total Assets	$96,765.1	$91,225.1

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 7,659.2	$ 7,750.2
Loans payable	2,301.7	1,930.9
Income taxes payable	706.4	157.4
Accrued liabilities	13,409.2	12,844.4
Total Current Liabilities	24,076.5	22,682.9
Long-Term Debt	4,254.7	4,243.1
Payable to GMAC	14,460.5	14,840.0
Capitalized Leases	311.0	292.6
Other Liabilities	15,584.3	11,795.6
Deferred Credits	1,445.6	1,699.2
Common Stock Subject to Repurchase	1,650.0	–
Stockholders' Equity	34,982.5	35,671.7
Total Liabilities and Stockholders' Equity	$96,765.1	$91,225.1

Certain amounts for 1988 have been reclassified to conform with 1989 classifications.

Operating And Financial Review *(concluded)*

General Motors Operations with GMAC on an Equity Basis *(concluded)*

Statement of Consolidated Cash Flows (Dollars in Millions)	**Years Ended December 31, 1989**	**1988**
Cash Flows from Operating Activities		
Income before cumulative effect of accounting change	$ 4,224.3	$ 4,632.1
Adjustments to reconcile income before cumulative effect of accounting change to net cash provided by operating activities:		
Depreciation and amortization of property	5,087.6	4,950.5
Amortization of intangible assets	505.5	545.1
Net (gain) loss on sale of real estate, plants, and equipment	(3.1)	78.7
Net gain on sale of partial interest in Isuzu Motors Limited	(82.8)	—
Deferred income taxes and undistributed earnings of nonconsolidated affiliates	(107.6)	233.6
Change in operating assets and liabilities:		
Accounts receivable	(94.7)	2,193.6
Inventories excluding effect of accounting change	(7.4)	311.6
Contracts in process	(37.9)	(48.1)
Prepaid expenses	558.1	(698.3)
Accounts payable	(91.0)	662.4
Income taxes payable excluding effect of accounting change	512.2	(350.6)
Other liabilities	732.8	101.8
Other	357.4	(1,519.3)
Net Cash Provided by Operating Activities	11,553.4	11,093.1
Cash Flows from Investing Activities		
Investment in companies, net of cash acquired	(198.1)	(675.2)
Expenditures for real estate, plants, and equipment	(4,457.5)	(3,289.0)
Proceeds from disposals of real estate, plants, and equipment	379.0	296.5
Expenditures for special tools	(2,927.8)	(2,194.4)
Change in investing assets:		
Other marketable securities	(812.9)	100.5
Notes receivable	(355.7)	340.9
Accounts receivable	(266.2)	(1,420.0)
Net Cash Used in Investing Activities	(8,639.2)	(6,840.7)
Cash Flows from Financing Activities		
Net increase (decrease) in loans payable	370.8	(947.8)
Increase in long-term debt	967.1	1,074.9
Decrease in long-term debt	(955.5)	(781.2)
Net increase (decrease) in payable to GMAC	(379.5)	859.0
Repurchases of common stocks	(1,655.1)	(786.5)
Proceeds from issuing common stocks	173.2	253.0
Cash dividends paid to stockholders	(1,964.1)	(1,657.5)
Net Cash Used in Financing Activities	(3,443.1)	(1,986.1)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(50.0)	(35.5)
Net increase (decrease) in cash and cash equivalents	(578.9)	2,230.8
Cash and cash equivalents at beginning of the year	5,578.7	3,347.9
Cash and cash equivalents at end of the year	$ 4,999.8	$ 5,578.7

Responsibilities For Consolidated Financial Statements

The following consolidated financial statements of General Motors Corporation and subsidiaries were prepared by management which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on judgments of management. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

Management is further responsible for maintaining a system of internal accounting controls, designed to provide reasonable assurance that the books and records reflect the transactions of the companies and that its established policies and procedures are carefully followed. From a stockholder's point of view, perhaps the most important feature in the system of control is that it is continually reviewed for its effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel, and a strong program of internal audit.

Deloitte & Touche, independent auditors, are engaged to audit the consolidated financial statements of General Motors Corporation and its subsidiaries and issue reports thereon. Their audit is conducted in accordance with generally accepted auditing standards which comprehend a review of internal accounting controls and a test of transactions. The Independent Auditors' Report appears below.

The Board of Directors, through the Audit Committee (composed entirely of non-employe Directors), is responsible for assuring that management fulfills its responsibilities in the preparation of the financial statements. The Committee selects the independent auditors annually in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the Meeting. In addition, the Committee reviews the scope of the audits and the accounting principles being applied in financial reporting. The independent auditors, representatives of management, and the internal auditors meet regularly (separately and jointly) with the Committee to review the activities of each, to ensure that each is properly discharging its responsibilities, and to assess the effectiveness of the system of internal accounting controls. It is management's conclusion that the system of internal accounting controls at December 31, 1989 provides reasonable assurance that the books and records reflect the transactions of the companies and that its established policies and procedures are complied with. To ensure complete independence, Deloitte & Touche have full and free access to meet with the Committee, without management representatives present, to discuss the results of their audit, the adequacy of internal accounting controls, and the quality of the financial reporting.

Roger B Smith — Chairman

Robert T O'Connell — Chief Financial Officer

Independent Auditors' Report

Deloitte & Touche

Renaissance Center
Detroit, Michigan 48243

General Motors Corporation, its Directors, and Stockholders:

February 14, 1990

We have audited the Consolidated Balance Sheet of General Motors Corporation and subsidiaries as of December 31, 1989 and 1988 and the related Statements of Consolidated Income and Consolidated Cash Flows for each of the three years in the period ended December 31, 1989. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of General Motors Corporation and subsidiaries at December 31, 1989 and 1988 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1989 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the Financial Statements, effective January 1, 1988 the Corporation changed its method of accounting for certain manufacturing overhead costs.

Deloitte & Touche

Consolidated Financial Statements

Statement of Consolidated Income

For the Years Ended December 31, 1989, 1988, and 1987 (Dollars in Millions Except Per Share Amounts)	1989	1988	1987
Net Sales and Revenues (Note 1)			
Manufactured products	$109,610.3	$107,815.2	$ 99,912.7
Financial services	11,216.9	10,664.9	10,920.8
Computer systems services	2,384.6	1,907.6	1,444.8
Other income (Note 2)	3,720.1	3,253.9	2,592.1
Total Net Sales and Revenues	126,931.9	123,641.6	114,870.4
Costs and Expenses			
Cost of sales and other operating charges, exclusive of items below (Note 7)	94,682.6	93,241.9	86,996.5
Selling, general, and administrative expenses	8,583.2	7,999.9	7,180.0
Interest expense (Note 14)	8,757.2	7,232.9	7,080.4
Depreciation of real estate, plants, and equipment (Note 1)	5,157.8	5,047.0	5,039.7
Amortization of special tools (Note 1)	1,441.8	1,432.1	2,155.5
Amortization of intangible assets (Note 1)	568.6	601.9	631.7
Other deductions (Note 2)	1,342.4	1,351.0	1,378.1
Total Costs and Expenses	120,533.6	116,906.7	110,461.9
Income before Income Taxes	6,398.3	6,734.9	4,408.5
United States, foreign, and other income taxes (Note 8)	2,174.0	2,102.8	857.6
Income before cumulative effect of accounting change	4,224.3	4,632.1	3,550.9
Cumulative effect of accounting change (Note 1)	–	224.2	–
Net Income	4,224.3	4,856.3	3,550.9
Dividends on preferred and preference stocks (Note 17)	34.2	26.0	13.7
Earnings on Common Stocks	$ 4,190.1	$ 4,830.3	$ 3,537.2
Earnings Attributable to Common Stocks:			
$1-2/3 par value before cumulative effect of accounting change	$ 3,831.0	$ 4,195.0	$ 3,178.9
Cumulative effect of accounting change	–	218.1	–
Net earnings attributable to $1-2/3 par value	$ 3,831.0	$ 4,413.1	$ 3,178.9
Class E	$ 171.0	$ 160.3	$ 139.1
Class H before cumulative effect of accounting change	$ 188.1	$ 250.8	$ 219.2
Cumulative effect of accounting change	–	6.1	–
Net earnings attributable to Class H	$ 188.1	$ 256.9	$ 219.2
Average number of shares of common stocks outstanding (in millions):			
$1-2/3 par value	604.3	615.7	631.5
Class E on a post-split basis (Note 16)	94.5	101.8	105.2
Class H	95.7	127.9	130.8
Earnings Per Share Attributable to Common Stocks (Note 9):			
$1-2/3 par value before cumulative effect of accounting change	$6.33	$6.82	$5.03
Cumulative effect of accounting change	–	0.35	–
Net earnings attributable to $1-2/3 par value	$6.33	$7.17	$5.03
Class E on a post-split basis (Note 16)	$1.81	$1.57	$1.33
Class H before cumulative effect of accounting change	$1.94	$1.96	$1.67
Cumulative effect of accounting change	–	0.05	–
Net earnings attributable to Class H	$1.94	$2.01	$1.67

Certain amounts for 1988 have been reclassified to conform with 1989 classifications. Reference should be made to notes on pages 29 through 44.

Consolidated Balance Sheet

December 31, 1989 and 1988 (Dollars in Millions Except Per Share Amounts)	1989	1988
ASSETS		
Cash and cash equivalents (Note 10)	$ 5,169.5	$ 5,800.3
Other marketable securities	5,043.8	4,381.1
Total cash and marketable securities (Note 10)	10,213.3	10,181.4
Finance receivables—net (Note 11)	92,354.6	87,476.9
Accounts and notes receivable (less allowances)	5,447.4	4,540.6
Inventories (less allowances) (Note 1)	7,991.7	7,984.3
Contracts in process (less advances and progress payments of $2,630.7 and $2,174.4) (Note 1)	2,073.3	2,035.4
Net equipment on operating leases (Note 13)	5,131.1	5,005.1
Prepaid expenses and deferred charges	3,914.7	5,156.6
Other investments and miscellaneous assets (less allowances)	5,050.2	4,482.1
Property (Note 1):		
Real estate, plants, and equipment—at cost (Note 13)	63,390.7	60,806.5
Less accumulated depreciation (Note 13)	34,849.7	32,794.7
Net real estate, plants, and equipment	28,541.0	28,011.8
Special tools—at cost (less amortization)	5,453.5	3,918.9
Total property	33,994.5	31,930.7
Intangible assets—at cost (less amortization) (Note 1)	7,126.3	5,270.0
Total Assets	$173,297.1	$164,063.1

LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable (principally trade)	$ 7,707.8	$ 7,896.9
Notes and loans payable (Note 14)	93,424.8	88,130.1
United States, foreign, and other income taxes (Note 8)	5,671.4	4,930.3
Capitalized leases	261.5	294.8
Other liabilities (Note 15)	28,195.2	25,520.6
Deferred credits (including investment tax credits—$915.4 and $1,160.4)	1,403.9	1,618.7
Total Liabilities	136,664.6	128,391.4
Common Stock Subject to Repurchase (Note 1)	1,650.0	–
Stockholders' Equity (Notes 3, 4, 5, 16, and 17)		
Preferred stocks ($5.00 series, $153.0; $3.75 series, $81.4)	234.4	234.4
Preference stocks (E $0.10 series, $1.0; H $0.10 series, $1.0)	2.0	2.0
Common stocks:		
$1-2/3 par value (issued, 605,683,572 and 306,456,671 shares)	1,009.5	510.7
Class E (issued, 48,830,764 and 50,646,603 shares)	4.9	5.1
Class H (issued, 35,162,664 and 128,388,969 shares)	3.5	12.8
Capital surplus (principally additional paid-in capital)	2,614.0	6,235.2
Net income retained for use in the business	31,230.7	28,970.5
Subtotal	35,099.0	35,970.7
Accumulated foreign currency translation and other adjustments	(116.5)	(299.0)
Total Stockholders' Equity	34,982.5	35,671.7
Total Liabilities and Stockholders' Equity	$173,297.1	$164,063.1

Certain amounts for 1988 have been reclassified to conform with 1989 classifications. Reference should be made to notes on pages 29 through 44.

Statement of Consolidated Cash Flows

For the Years Ended December 31, 1989, 1988, and 1987 (Dollars in Millions)	1989	1988	1987
Cash Flows from Operating Activities			
Income before cumulative effect of accounting change	$ 4,224.3	$ 4,632.1	$ 3,550.9
Adjustments to reconcile income before cumulative effect of accounting change to net cash provided by operating activities:			
Depreciation of real estate, plants, and equipment	3,680.3	3,561.0	3,454.4
Depreciation of equipment on operating leases	1,477.5	1,486.0	1,585.3
Amortization of special tools	1,441.8	1,432.1	2,155.5
Amortization of intangible assets	568.6	601.9	631.7
Amortization of discount and issuance costs on debt issues	263.2	256.5	217.0
Provision for financing losses	841.9	820.8	671.0
Pension expense net of cash contributions	810.4	(300.3)	327.3
Net (gain) loss on sale of real estate, plants, and equipment	(3.1)	78.7	156.6
Net gain on sale of partial interest in Isuzu Motors Limited and its affiliates	(133.5)	—	—
Other investments, miscellaneous assets, and deferred credits	(350.9)	(1,661.3)	(580.8)
Change in operating assets and liabilities:			
Accounts receivable	(856.3)	3,145.8	(1,629.0)
Inventories excluding effect of accounting change	(7.4)	311.6	(704.6)
Contracts in process	(37.9)	(48.1)	(110.3)
Prepaid expenses and deferred charges	273.5	(240.7)	(924.9)
Real estate mortgages held for sale	(114.3)	(79.9)	403.7
Accounts payable	(189.1)	635.9	782.2
Income taxes excluding effect of accounting change	678.2	(370.9)	1,893.7
Other liabilities	700.4	(45.1)	1,961.4
Other	(261.8)	260.5	(244.7)
Net Cash Provided by Operating Activities	13,005.8	14,476.6	13,596.4
Cash Flows from Investing Activities			
Investment in companies, net of cash acquired	(121.3)	(675.2)	(110.0)
Expenditures for real estate, plants, and equipment	(4,577.3)	(3,432.1)	(4,804.4)
Proceeds from disposals of real estate, plants, and equipment	490.6	296.5	385.5
Expenditures for special tools	(2,927.8)	(2,194.4)	(2,346.2)
Change in investing assets:			
Other marketable securities	(662.7)	(284.8)	234.2
Finance receivables—acquisitions	(100,688.9)	(89,472.6)	(96,260.5)
Finance receivables—liquidations	94,957.7	88,727.9	92,407.7
Proceeds from sales of receivables	—	—	2,393.8
Finance receivables—other	11.6	(1,558.5)	(7,717.5)
Notes receivable	(50.5)	173.1	(152.0)
Equipment on operating leases	(1,603.5)	(932.9)	(602.0)
Net Cash Used in Investing Activities	(15,172.1)	(9,353.0)	(16,571.4)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term loans payable	844.7	2,643.3	(540.3)
Increase in long-term debt	14,422.1	7,689.9	14,333.7
Decrease in long-term debt	(10,235.3)	(11,153.0)	(8,774.6)
Repurchases of common stocks	(1,655.1)	(786.5)	(729.8)
Proceeds from issuing common and preference stocks	173.2	253.0	1,152.3
Cash dividends paid to stockholders	(1,964.1)	(1,657.5)	(1,667.9)
Net Cash Provided by (Used in) Financing Activities	1,585.5	(3,010.8)	3,773.4
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(50.0)	(35.5)	(118.9)
Net increase (decrease) in cash and cash equivalents	(630.8)	2,077.3	679.5
Cash and cash equivalents at beginning of the year	5,800.3	3,723.0	3,043.5
Cash and cash equivalents at end of the year	$ 5,169.5	$ 5,800.3	$ 3,723.0

Certain amounts for 1988 and 1987 have been reclassified to conform with 1989 classifications. Reference should be made to notes on pages 29 through 44.

Notes To Financial Statements

NOTE 1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of General Motors Corporation (General Motors, GM, or the Corporation) and domestic and foreign subsidiaries which are more than 50% owned. The accounts of General Motors Acceptance Corporation (GMAC), GM's wholly owned finance subsidiary and its subsidiaries, including Motors Insurance Corporation (MIC), have been added, account by account, to those of the statements of GM and its manufacturing, marketing, defense, electronics, and computer service subsidiaries. General Motors' share of earnings or losses of associates in which at least 20% of the voting securities is owned is included in consolidated income under the equity method of accounting (see Note 2).

Revenue Recognition

Sales are generally recorded by the Corporation when products are shipped to independent dealers. Provisions for normal dealer sales incentives and returns and allowances are made at the time of sale. Costs related to special sales incentive programs are recognized as sales reductions when these programs are determinable.

Certain sales under long-term contracts, primarily in the defense business, are recorded using the percentage-of-completion method of accounting. Under this method, sales are recorded equivalent to costs incurred plus a portion of the profit expected to be realized on the contract, determined based on the ratio of costs incurred to estimated total costs at completion. Profits expected to be realized on contracts are based on the Corporation's estimates of total sales value and cost at completion. These estimates are reviewed and revised periodically throughout the lives of the contracts, and adjustments to profits resulting from such revisions are recorded in the accounting period in which the revisions are made. Estimated losses on contracts are recorded in the period in which they are identified.

Effective with finance receivables acquired on or after January 1, 1988, earnings are accounted for over the terms of the receivables on the interest method as required by Statement of Financial Accounting Standards No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases. The effect of this change was not material. In the case of finance receivables in which the face amount includes the finance charge (principally retail financing), prior to 1988, earnings were accounted for over the terms of the receivables on the sum-of-the-digits (rule of 78ths) basis. On finance receivables in which the face amount represents the principal (principally wholesale, interest-bearing financing, and leasing), the interest is taken into income as accrued; unpaid interest accrued at the balance sheet date is included in Finance receivables—net.

Insurance premiums are earned on a basis related to coverage provided over the terms of the policies (principally pro rata). Commission costs and premium taxes incurred in acquiring new business are deferred and amortized over the terms of the related policies on the same basis as premiums are earned. The liability for losses and claims includes a provision for unreported losses, based on past experience, net of the estimated salvage and subrogation recoverable.

Provision for Financing Losses

Losses arising from repossession of the collateral supporting doubtful accounts are charged off as soon as disposition of the collateral has been effected and the amount of the deficiency has been determined. Where repossession has not been effected, losses are charged off as soon as it is determined that the collateral cannot be repossessed, generally not more than 150 days after default.

Loss allowances on finance receivables are maintained in amounts considered by management to be appropriate in relation to receivables outstanding.

Inventories

Effective January 1, 1988, accounting procedures were changed to include in inventory certain manufacturing overhead costs previously charged directly to expense. The effect of this change on 1988 earnings was a favorable adjustment of \$0.35 per share of \$1-2/3 par value common stock and \$0.05 per share of Class H common stock.

Inventories are stated generally at cost, which is not in excess of market. The cost of substantially all domestic inventories other than the inventories of GM Hughes Electronics Corporation (GMHE) is determined by the last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method of inventory valuation had been used for inventories valued at LIFO cost, such inventories would have been \$2,445.4 million higher at December 31, 1989 and \$2,525.3 million higher at December 31, 1988. As a result of decreases in U.S. LIFO inventories, certain LIFO inventory quantities carried at lower costs prevailing in prior years, as compared with the costs of current purchases, were liquidated in 1989 and 1988. These inventory adjustments favorably affected income before income taxes by approximately \$244.8 million in 1989 and \$20.5 million in 1988. The cost of inventories outside the United States and of GMHE is determined generally by FIFO or average cost methods.

Major Classes of Inventories (Dollars in Millions)	**1989**	**1988**
Productive material, work in process, and supplies	\$3,816.9	\$3,958.7
Finished product, service parts, etc.	4,174.8	4,025.6
Total	\$7,991.7	\$7,984.3

(continued)

Notes To Financial Statements *(continued)*

NOTE 1. *(continued)*

Contracts in Process

Contracts in process are stated at costs incurred plus estimated profit less amounts billed to customers and advances and progress payments received. Engineering, tooling, manufacturing, and applicable overhead costs, including administrative, research and development, and selling expenses, are charged to costs and expenses when they are incurred. Under certain contracts with the United States Government, progress payments are received based on costs incurred on the respective contracts. Title to the inventories relating to such contracts (included in contracts in process) vests with the United States Government.

Depreciation and Amortization

Depreciation is provided based on estimated useful lives of groups of property generally using accelerated methods, which accumulate depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated useful lives.

Expenditures for special tools are amortized over their estimated useful lives. Amortization is applied directly to the asset account. Replacement of special tools for reasons other than changes in products is charged directly to cost of sales.

GMAC provides for depreciation of automobiles and other equipment on operating leases or in company use generally on a straight-line basis.

Income Taxes

Investment tax credits are generally deferred and amortized over the lives of the related assets (the "deferral method") for General Motors Corporation, GMAC, and Electronic Data Systems Corporation (EDS). GMHE recognizes investment tax credits as a reduction of income tax expense in the year that the assets which give rise to the credits are placed in service (the "flow-through method").

The tax effects of timing differences between pretax accounting income and taxable income (principally related to depreciation, sales and product allowances, vehicle instalment sales, benefit plans expense, profits on long-term contracts, lease transactions, provision for financing losses, and policy and warranty) are deferred. Provisions are made for estimated United States and foreign income taxes, less available tax credits and deductions, which may be incurred on remittance of the Corporation's share of subsidiaries' undistributed earnings less those deemed to be indefinitely reinvested.

Product-Related Expenses

Expenditures for advertising and sales promotion and for other product-related expenses are charged to costs and expenses as incurred; provisions for estimated costs related to product warranty are made at the time the products are sold. Expenditures for research and development are charged to expenses as incurred and amounted to $5,247.5 million in 1989, $4,753.8 million in 1988, and $4,361.2 million in 1987.

Foreign Currency Translation

Exchange and translation losses included in net income in 1989, 1988, and 1987 amounted to $105.0 million, $8.9 million, and $21.0 million, respectively.

Related-Party Transactions

At December 31, 1989 and 1988, $1,246.4 million and $743.2 million, respectively, of interest-bearing loans were outstanding to various affiliates of General Motors Corporation and its subsidiaries.

Acquisitions and Intangible Assets

Effective December 31, 1985, the Corporation acquired Hughes Aircraft Company (Hughes) and its subsidiaries for $2.7 billion in cash and cash equivalents and 100 million shares of General Motors Class H common stock having an estimated total value of $2,561.9 million and which carried certain guarantees. On February 28, 1989, the Corporation and the Howard Hughes Medical Institute (Institute) reached agreement to terminate the Corporation's then-existing guarantee obligations with respect to the Institute's holding of Class H common stock. Under terms of the agreement: (i) the Corporation purchased 35 million shares of Class H common stock from the Institute on February 28, 1989; (ii) the Institute received put options exercisable under most circumstances at $30 per share on March 1, 1991, 1992, 1993, and 1995 for 20 million, 10 million, 10 million, and 15 million shares, respectively; (iii) the Corporation will have the option to call the Institute's shares from March 1, 1989 until February 28, 1991, 1992, 1993, and 1995 for 20 million, 10 million, 10 million, and 15 million shares, respectively, at a call price of $35 per share for all shares except for the 15 million shares callable until February 28, 1995, for which the call price is $37.50 per share; and (iv) the Corporation paid to the Institute $675 million in cash and approximately $300 million in notes (the aggregate value of the cash and notes was charged to capital surplus).

The acquisition of Hughes was accounted for as a purchase. The purchase price exceeded the net book value of Hughes by $4,244.7 million, which was assigned as follows: $500.0 million to patents and related technology, $125.0 million to the future economic benefits to the Corporation of the Hughes Long-Term Incentive Plan (LTIP), and $3,619.7 million to other intangible assets, including goodwill. The amounts assigned to the various intangible asset categories are being amortized on a straight-line basis: patents and related technology over 15 years, the future economic benefits of the Hughes LTIP over five years, and other intangible assets over 40

(continued)

Notes To Financial Statements *(continued)*

NOTE 1. *(concluded)*

years. Amortization is applied directly to the asset accounts.

For the purpose of determining earnings per share and amounts available for dividends on common stocks, the amortization of intangible assets arising from the acquisition of Hughes is charged against earnings attributable to $1-2/3 par value common stock. The effect on the 1989, 1988, and 1987 earnings attributable to $1-2/3 par value common stock was a net credit (charge) of $17.8 million, ($31.6) million, and ($55.3) million, respectively, consisting of the amortization of the intangible assets arising from the acquisition, the profit on inter-company transactions, and the earnings of GMHE attributable to $1-2/3 par value common stock.

On October 18, 1984, the Corporation acquired EDS and its subsidiaries for $2,501.9 million. The acquisition was consummated through an offer to exchange EDS common stock for either (a) $44 in cash or (b) $35.20 in cash plus two-tenths of a share of Class E common stock plus a nontransferable contingent promissory note issued by GM. This note is payable seven years after closing in an amount equal to .2 times the excess of $62.50 ($31.25 post-split) over the market price of the Class E common stock at the maturity date of the note. Contingent notes were issued in denominations termed "Note Factors," each of which represents five contingent notes. Holders were allowed to tender their notes for prepayment at discounted amounts beginning in October 1989.

If the market price of Class E common stock at the maturity date of the notes were to equal the market price at December 31, 1989, $54.63 a share (pre-split), the aggregate additional consideration for contingent notes outstanding at December 31, 1989 would be $82.5 million. Any additional consideration would be charged to goodwill and amortized over the remaining life of that asset.

The acquisition of EDS was accounted for as a purchase. The purchase price in excess of the net book value of EDS, $2,179.5 million, was assigned principally to existing customer contracts, $1,069.9 million, computer software programs developed by EDS, $646.2 million, and other intangible assets, including goodwill, $290.2 million. The cost assigned to these assets is being amortized on a straight-line basis over five years for computer software programs, about seven years for customer contracts, ten years for goodwill, and varying periods for the remainder. Amortization is applied directly to the asset accounts.

For the purpose of determining earnings per share and amounts available for dividends on common stocks, the amortization of these assets is charged against earnings attributable to $1-2/3 par value common stock. The effect on the 1989, 1988, and 1987 earnings attributable to $1-2/3 par value common stock was a net charge of $225.1 million, $286.1 million, and $257.0 million, respectively, consisting of the amortization of the intangible and other assets arising from the acquisition less related income tax effects, the profit on intercompany transactions, and the earnings of EDS attributable to $1-2/3 par value common stock.

The intangible assets of GMAC mortgage operations, related to the acquisition of mortgage servicing rights, are amortized over periods that generally match future net servicing revenues.

NOTE 2. Other Income and Other Deductions

(Dollars in Millions)	1989	1988	1987
Other Income:			
Insurance premiums	$ 570.4	$ 697.7	$ 720.2
Interest income	1,980.4	1,793.9	1,319.8
Other	1,211.7	731.2	535.6
Equity in earnings (losses) of associates	(42.4)	31.1	16.5
Total Other Income	$3,720.1	$3,253.9	$2,592.1

Interest income reflects nonfinancing interest income, while other income primarily relates to gains recognized by GMAC on the sale of finance receivables, mortgage servicing revenue, and MIC investment income.

(Dollars in Millions)	1989	1988	1987
Other Deductions:			
Insurance losses and loss adjustment expenses	$ 442.3	$ 546.5	$ 616.5
Provision for financing losses	841.9	820.8	671.0
Other	58.2	(16.3)	90.6
Total Other Deductions	$1,342.4	$1,351.0	$1,378.1

NOTE 3. General Motors Incentive Program

The General Motors Incentive Program consists of the General Motors 1987 Stock Incentive Plan and the General Motors 1987 Performance Achievement Plan. The Program is administered by the Incentive and Compensation Committee of the Board of Directors (the Committee).

Stock Incentive Plan

Under the 1987 Stock Incentive Plan (the Plan), the Committee may grant options and other rights (including stock appreciation rights, restricted stock units, and contingent payment rights) to key employes during the period from June 1, 1987 through May 31, 1992. The aggregate number of shares for which options and other rights may be granted under the Plan is 50 million shares of $1-2/3 par value common stock, 10 million shares (post-split) of Class E common stock, and 10 million shares of Class H common stock.

Incentive and nonqualified stock options granted under the Plan generally are exercisable one-half after one year and one-half after two years from the dates of grant; the option prices are 100% of fair market value on the dates of grant. The options generally expire ten years from the dates of grant and are subject to earlier termination under certain conditions.

(continued)

NOTE 3. *(concluded)*

Changes in the status of outstanding options were as follows:

$1-2/3 par value common stock	Option Prices	Shares Under Option
Outstanding at January 1, 1987	$19.13-$38.60	8,103,608
Granted	40.85	2,346,480
Exercised: Options	19.13-38.60	(1,202,576)
SARs	19.13-38.60	(353,660)
Terminated	23.25-40.85	(153,704)
Outstanding at December 31, 1987	19.13-40.85	8,740,148
Granted	37.47	3,198,420
Exercised: Options	19.13-40.85	(715,306)
SARs	19.13-38.60	(175,350)
Terminated	23.25-40.85	(122,440)
Outstanding at December 31, 1988	19.13-40.85	10,925,472
Granted	41.50	3,060,195
Exercised: Options	19.13-40.85	(2,628,417)
SARs	19.13-38.60	(407,222)
Terminated	25.00-41.50	(115,378)
Outstanding at December 31, 1989	$19.13-$41.50	10,834,650

Stock appreciation rights (SARs) have been granted to certain officers of the Corporation in prior years, but no SARs or contingent payment rights were granted in 1989, 1988, or 1987. SARs provide holders with the right to receive cash equal in value to the appreciation in the Corporation's common stock over the option price of the shares under option. They may be exercised only upon surrender of the related options and expire with the related options.

The Corporation intends to continue to deliver newly issued $1-2/3 par value common stock upon the exercise of the stock options. Options for 6,226,870 shares were exercisable at December 31, 1989; the maximum number of shares for which additional options and other rights may be granted under the Plan was 29,876,785 shares of $1-2/3 par value common stock, 6,126,788 shares (post-split) of Class E common stock, and 6,333,743 shares of Class H common stock at December 31, 1989.

Each restricted stock unit (Unit) relates to one share of $1-2/3 par value common stock, Class E common stock, or Class H common stock, as determined by the Committee at the time of grant. The Units entitle the employe to receive, without payment to the Corporation, shares of common stock in consideration for services performed. Such Units vest over specified periods generally ranging up to three years from the date of grant. In 1989, the Committee granted Units relating to 3,632,924 shares of $1-2/3 par value common stock, 1,043,596 shares (post-split) of Class E common stock, and 1,375,725 shares of Class H common stock.

Performance Achievement Plan

Under the provisions of the 1987 Performance Achievement Plan, the Committee established target awards for the four-year period ending in 1992. Awards are established based on targeted relationships between Corporation earnings and worldwide industry sales during the award periods; the percentages of the target awards ultimately distributed to the participants are determined by the Committee based on actual results in relation to the established goals and individual performance.

NOTE 4. EDS Incentive Plans

The GM Board of Directors approved and adopted the 1984 Electronic Data Systems Corporation Stock Incentive Plan in accordance with stockholder approval obtained in connection with GM's acquisition of EDS. Under this Plan, shares, rights, or options to acquire up to 80 million shares (post-split) of Class E common stock may be granted or sold during the ten-year life of the Plan.

The EDS incentive and compensation committee has granted to key employes a total of 19,495,458 shares (post-split) of Class E common stock at prices up to $0.05 per share (post-split). The Class E common shares granted under the Plan are subject to restrictions and generally vest over a ten-year period from the date the stock rights are granted.

In 1985, the committee also granted incentive stock options under the provisions of the 1984 Plan. The option price is equal to 100% of the fair market value of Class E common stock on the date the options were granted. These incentive stock options expire six years from the date of grant and are subject to earlier termination under certain conditions. Changes in the status of outstanding options (on a post-split basis) were as follows:

Class E common stock	Option Prices	Shares Under Option
Outstanding at January 1, 1987	$17.91	7,575,500
Exercised	17.91	(154,902)
Terminated	17.91	(445,698)
Outstanding at December 31, 1987	17.91	6,974,900
Exercised	17.91	(270,958)
Terminated	17.91	(169,228)
Outstanding at December 31, 1988	17.91	6,534,714
Exercised	17.91	(2,233,062)
Terminated	17.91	(286,426)
Outstanding at December 31, 1989	$17.91	4,015,226

Options for 4,015,226 shares of Class E common stock (post-split) were exercisable at December 31, 1989; the maximum number of shares for which additional shares, rights, or options may be granted under the Plan was 54,434,306 shares (post-split) at December 31, 1989.

NOTE 5. GMHE Incentive Plans

In 1985, stockholder approval was obtained in connection with GM's acquisition of Hughes for a GMHE Incentive Plan. Under this Plan, shares, rights, or options to acquire up to 20 million shares of Class H common stock may be granted during the ten-year life of the Plan.

The GM Incentive and Compensation Committee may grant options and other rights to acquire shares of Class H common stock under the provisions of the GMHE Plan. The option price is equal to 100% of the fair market value of Class H common stock on the date the options were granted. These nonqualified options generally expire ten years from the dates of grant and are subject to earlier termination under certain conditions.

Changes in the status of outstanding options were as follows:

Class H common stock	Option Prices	Shares Under Option
Outstanding at January 1, 1987	$19.75	78,910
Granted	24.34-24.69	764,100
Terminated	24.34	(4,400)
Outstanding at December 31, 1987	19.75-24.69	838,610
Granted	30.00-30.25	818,375
Exercised	19.75-24.60	(44,530)
Terminated	24.34-30.25	(72,510)
Outstanding at December 31, 1988	19.75-30.25	1,539,945
Granted	27.57	994,765
Exercised	19.75-24.60	(42,576)
Terminated	27.57-30.00	(106,850)
Outstanding at December 31, 1989	$19.75-$30.25	2,385,284

Options for 98,457 shares of Class H common stock were exercisable at December 31, 1989; the maximum number of shares for which additional options and other rights may be granted under the Plan was 16,919,336 shares at December 31, 1989.

NOTE 6. Pension Program and Postemployment Benefits

The Corporation and its subsidiaries have a number of defined benefit pension plans covering substantially all employes. Plans covering U.S. and Canadian represented employes generally provide benefits of negotiated stated amounts for each year of service as well as significant supplemental benefits for employes who retire with 30 years of service before normal retirement age. The benefits provided by the plans covering its U.S. and Canadian salaried employes, and employes in certain foreign locations, are generally based on years of service and the employe's salary history. The Corporation and its subsidiaries also have certain nonqualified pension plans covering executives which are based on targeted wage replacement percentages and are generally unfunded.

Plan assets are primarily invested in United States government obligations, equity and fixed income securities, commingled pension trust funds, GM preference stock valued at approximately $866.1 million as of the measurement date in 1989, and insurance contracts. The Corporation's funding policy with respect to its qualified plans is to contribute annually not less than the minimum required by applicable law and regulation nor more than the maximum amount which can be deducted for Federal income tax purposes.

Total pension expense of the Corporation and its subsidiaries amounted to $810.8 million in 1989, $544.4 million in 1988, and $714.6 million in 1987. Net periodic pension cost (credit) for 1989, 1988, and 1987 of U.S. plans and plans of subsidiaries outside the United States included the components shown below.

1989	**U.S. Plans**		**Non-U.S. Plans**	
	(Dollars in Millions)			
Benefits earned during the year		$ 661.2		$ 90.7
Interest accrued on benefits earned in prior years		3,331.6		335.4
Return on assets				
–Actual	($6,443.9)		($532.2)	
–Less deferred gain	3,025.6	(3,418.3)	204.5	(327.7)
Net amortization		87.0		(7.9)
Net periodic pension cost		$ 661.5		$ 90.5
1988				
Benefits earned during the year		$ 616.6		$ 83.1
Interest accrued on benefits earned in prior years		3,190.3		301.4
Return on assets				
–Actual	$ 56.1		$ 25.7	
–Plus deferred loss	(3,420.2)	(3,364.1)	(394.2)	(368.5)
Net amortization		74.9		(47.0)
Net periodic pension cost (credit)		$ 517.7		($ 31.0)
1987				
Benefits earned during the year		$ 798.2		$ 27.7
Interest accrued on benefits earned in prior years		2,718.0		150.9
Return on assets				
–Actual	($7,436.6)		($586.0)	
–Less deferred gain	4,608.4	(2,828.2)	304.5	(281.5)
Net amortization		122.5		(74.9)
Net periodic pension cost (credit)		$ 810.5		($177.8)

(continued)

NOTE 6. *(concluded)*

(Dollars in Millions)	U.S. Plans				Non-U.S. Plans			
	1989		1988		1989		1988	
Actuarial present value of benefits based on service to date and present pay levels	**Assets Exceed Accum. Benefits**	**Accum. Benefits Exceed Assets**	**Assets Exceed Accum. Benefits**	**Accum. Benefits Exceed Assets**	**Assets Exceed Accum. Benefits**	**Accum. Benefits Exceed Assets**	**Assets Exceed Accum. Benefits**	**Accum. Benefits Exceed Assets**
Vested	$14,300.3	$16,948.5	$12,967.7	$16,506.2	$1,969.9	$1,261.0	$1,971.1	$1,063.1
Nonvested	614.9	3,731.4	644.2	3,097.8	161.1	38.1	274.2	30.0
Accumulated benefit obligation	14,915.2	20,679.9	13,611.9	19,604.0	2,131.0	1,299.1	2,245.3	1,093.1
Additional amounts related to projected pay increases	1,553.6	78.5	1,500.1	69.9	154.7	225.9	146.5	241.4
Total projected benefit obligation based on service to date	16,468.8	20,758.4	15,112.0	19,673.9	2,285.7	1,525.0	2,391.8	1,334.5
Plan assets at fair value	21,166.0	18,885.9	18,932.4	17,477.9	3,174.2	8.6	3,538.4	–
Projected benefit obligation (in excess of) or less than plan assets	4,697.2	(1,872.5)	3,820.4	(2,196.0)	888.5	(1,516.4)	1,146.6	(1,334.5)
Unamortized net amount resulting from changes in plan experience and actuarial assumptions	(915.0)	(1,093.7)	(93.9)	(72.4)	120.3	(221.0)	246.6	(22.4)
Unamortized prior service cost	16.5	1,612.8	20.9	1,745.9	334.0	203.3	347.2	–
Unamortized net obligation or (asset) at date of adoption	(1,946.1)	1,480.0	(2,139.4)	1,614.0	(696.1)	417.6	(1,045.6)	429.3
Adjustment for unfunded pension liabilities	–	(1,920.6)	–	–	–	(180.4)	–	–
Net prepaid pension cost (accrued liability) recognized in the Consolidated Balance Sheet	$ 1,852.6	($ 1,794.0)	$ 1,608.0	$ 1,091.5	$ 646.7	($1,296.9)	$ 694.8	($ 927.6)

The table above reconciles the funded status of the Corporation's U.S. and non-U.S. plans with amounts recognized in the Corporation's Consolidated Balance Sheet at December 31, 1989 and 1988.

Measurement dates used for the Corporation's principal U.S. plans are October 1 for GM's plans (including Delco Electronics Corporation) and EDS, and December 1, 1989 and 1988 and December 31, 1987 for Hughes plans. For non-U.S. plans, the measurement dates used are October 1 for certain foreign plans and December 1 for Canadian plans.

The weighted average discount rate used in determining the actuarial present values of the projected benefit obligation shown in the table for U.S. plans was 9.5% at December 31, 1989 and 10.0% at December 31, 1988 and for non-U.S. plans was 9.8% at December 31, 1989 and 10.1% at December 31, 1988. The rate of increase in future compensation levels of applicable U.S. employes was 5.4% at December 31, 1989 and 5.6% at December 31, 1988 and of applicable non-U.S. employes was 5.5% at December 31, 1989 and 5.1% at December 31, 1988. Benefits under the hourly plans are generally not based on wages and therefore no benefit escalation beyond existing negotiated increases was included. The expected long-term rate of return on assets used in determining pension expense for U.S. plans was 10.1% for 1989 and 10.0% for 1988 and for non-U.S. plans was 10.5% for 1989 and 10.7% for 1988. The assumptions for non-U.S. plans were developed on a basis consistent with that for U.S. plans, adjusted to reflect prevailing economic conditions and interest rate environments.

In addition to providing pension benefits, the Corporation and certain of its subsidiaries provide certain health care and life insurance benefits for retired employes. Substantially all of the Corporation's employes, including employes in some foreign countries, may become eligible for those benefits if they reach normal retirement age while working for the Corporation. The Corporation recognizes the cost of providing those benefits primarily by expensing the cost as incurred. The cost of such benefits amounted to $1,067.4 million in 1989, $1,130.6 million in 1988, and $982.8 million in 1987.

A program for early retirement or special separation was offered to certain salaried employes. Expenses accrued in connection with the program were $144.8 million in 1989, $144.1 million in 1988, and $437.7 million in 1987.

NOTE 7. Special Provision for Scheduled Plant Closings and Other Restructurings

In 1986, the Corporation announced plans to close certain manufacturing and assembly plants over the next three years and to restructure certain other operations. The 1986 results of operations included a special provision of $1,287.6 million for costs associated with these scheduled plant closings and other restructurings that were reasonably estimable at the time. This provision included $802.9 million for scheduled plant closings in the U.S. and $484.7 million for various other restructurings of foreign operations. During 1989, 1988, and 1987, a net of $148.1 million, $218.6 million, and $151.3 million, respectively, was charged against this reserve for costs incurred related to the plant closings.

NOTE 8. United States, Foreign, and Other Income Taxes

(Dollars in Millions)	1989	1988	1987
Taxes estimated to be payable currently:			
United States Federal	$1,017.0	$1,628.3	($ 626.1)
Foreign	1,180.3	552.6	(176.8)
State and local	93.6	76.8	92.7
Total	2,290.9	2,257.7	(710.2)
Taxes deferred–net:			
United States Federal	(314.3)	(172.9)	1,210.0
Foreign	472.0	253.4	506.6
State and local	(28.5)	44.3	83.8
Total	129.2	124.8	1,800.4
Investment tax credits deferred–net:			
United States Federal	(225.3)	(263.2)	(243.9)
Foreign	(20.8)	(16.5)	11.3
Total	(246.1)	(279.7)	(232.6)
Total taxes	$2,174.0	$2,102.8*	$ 857.6

*Excluding effect of accounting change.

Investment tax credits entering into the determination of taxes estimated to be payable currently amounted to $30.9 million in 1989, $13.5 million in 1988, and $155.1 million in 1987.

The deferred taxes (credit) for timing differences consisted principally of the following: 1989–$797.3 million for depreciation, $5.6 million for sales and product allowances, ($111.8) million for vehicle instalment sales, ($547.0) million for benefit plans expense, ($159.9) million for profits on long-term contracts, ($340.0) million for lease transactions, ($58.4) million provision for financing losses, and ($63.4) million for policy and warranty; 1988–$602.6 million for depreciation, $100.5 million for sales and product allowances, ($217.2) million for vehicle instalment sales, ($329.6) million for benefit plans expense, ($290.0) million for profits on long-term contracts, ($126.8) million for lease transactions, ($102.8) million provision for financing losses, ($242.5) million for policy and warranty, and $190.2 million for uniform capitalization of inventory costs; and 1987–$1,306.3 million for depreciation, $156.9 million for sales and product allowances, $676.7 million for vehicle instalment sales, $99.8 million for benefit plans expense, ($246.4) million for profits on long-term contracts, $305.7 million for lease transactions, ($105.6) million for sales of finance receivables, and ($85.4) million provision for financing losses.

Income before income taxes included the following components:

(Dollars in Millions)	1989	1988	1987
Domestic income	$2,967.3	$3,170.8	$2,470.3
Foreign income	3,431.0	3,564.1	1,938.2
Total	$6,398.3	$6,734.9	$4,408.5

The consolidated income tax was different than the amount computed using the United States statutory income tax rate for the reasons set forth in the following table:

(Dollars in Millions)	1989	1988	1987
Expected tax at U.S. statutory income tax rate	$2,175.4	$2,289.9	$1,763.4
State and local income taxes	45.7	95.2	100.0
Investment tax credits amortized	(277.0)	(293.2)	(387.7)
Utilization of loss carry-forwards at certain foreign operations	(220.7)	(353.9)	(297.9)
Tax effect of foreign dividends	345.6	206.9	2.1
Tax rate changes on reversing timing differences	(117.9)	(126.6)	(161.5)
Research and experimentation credit	(28.6)	–	(63.3)
Other adjustments	251.5	284.5	(97.5)
Consolidated income tax	$2,174.0	$2,102.8*	$ 857.6

*Excluding effect of accounting change.

NOTE 9. Earnings Per Share Attributable to and Dividends on Common Stocks

Earnings per share attributable to common stocks have been determined based on the relative amounts available for the payment of dividends to holders of $1-2/3 par value common, Class E common, and Class H common stocks. The effect on earnings per share of $1-2/3 par value common stock resulting from the assumed exercise of outstanding options, the delivery of stock awards, and the assumed conversion of the preference shares discussed in Note 17 is not material. The operations of the EDS and GMHE Incentive Plans and the assumed conversion of the preference shares do not have a material dilutive effect on earnings per share of Class E common or Class H common stocks, respectively, at this time.

(continued)

NOTE 9. *(concluded)*

Dividends on the $1-2/3 par value common stock are declared out of the earnings of GM and its subsidiaries, excluding the Available Separate Consolidated Net Income of EDS and GMHE.

Dividends on the Class E common stock are declared out of the Available Separate Consolidated Net Income of EDS earned since the acquisition of EDS by GM. The Available Separate Consolidated Net Income of EDS is determined quarterly and is equal to the separate consolidated net income of EDS, excluding the effects of purchase accounting adjustments arising from the acquisition of EDS, multiplied by a fraction, the numerator of which is the weighted average number of shares of Class E common stock outstanding during the period and the denominator of which is currently 238.7 million shares (post-split). The denominator decreases as shares are purchased by EDS and increases as shares are used for EDS employe benefit plans. The denominator during 1988 and 1987 was 243.8 million shares (post-split).

Dividends on the Class H common stock are declared out of the Available Separate Consolidated Net Income of GMHE earned since the acquisition of Hughes by GM. The Available Separate Consolidated Net Income of GMHE is determined quarterly and is equal to the separate consolidated net income of GMHE, excluding the effects of purchase accounting adjustments arising from the acquisition of Hughes, multiplied by a fraction, the numerator of which is the weighted average number of shares of Class H common stock outstanding during the period and the denominator of which is currently 400 million shares.

The denominators used in determining the Available Separate Consolidated Net Income of EDS and GMHE are adjusted as deemed appropriate by the Board of Directors to reflect subdivisions or combinations of the Class E common and Class H common stocks and to reflect certain transfers of capital to or from EDS and GMHE.

Dividends may be paid on common stocks only when, as, and if declared by the Board of Directors in its sole discretion. The Board's policy with respect to $1-2/3 par value common stock is to distribute dividends based on the outlook and the indicated capital needs of the business. The current policy of the Board with respect to the Class E common and Class H common stocks is to pay cash dividends approximately equal to 30% and 35% of the Available Separate Consolidated Net Income of EDS and GMHE, respectively, for the prior year.

NOTE 10. Cash and Marketable Securities

	1989		1988	
(Dollars in Millions)	Cost	Market Value	Cost	Market Value
Cash, time deposits, and certificates of deposit	$ 3,916.4	$ 3,916.7	$ 3,258.6	$ 3,258.6
Bonds, notes, and other securities:				
United States government and other governmental agencies and authorities	1,110.8	1,118.8	2,858.8	2,858.5
States, municipalities, and political subdivisions	1,354.7	1,400.2	2,008.6	2,027.2
Other	3,168.1	3,227.3	1,499.7	1,533.5
Total bonds, notes, and other securities	5,633.6	5,746.3	6,367.1	6,419.2
Preferred stocks with mandatory redemption terms	71.5	72.5*	91.8	92.5*
Common stocks:				
Public utilities	34.9	75.7	34.9	53.0
Banks, trust and insurance companies	14.3	29.4	11.8	21.9
Industrial and miscellaneous	200.8	486.7	193.7	389.0
Total common stocks	250.0	591.8	240.4	463.9
Total cash and marketable securities	9,871.5	$10,327.3	9,957.9	$10,234.2
Adjustment to value common stocks at market	341.8		223.5	
Book value of cash and marketable securities	$10,213.3		$10,181.4	

*Based on estimated market value.

Cash equivalents are defined as short-term, highly liquid investments with original maturities of 90 days or less.

Supplemental disclosure of cash flow information is as follows:

(Dollars in Millions)	1989	1988	1987
Cash paid (refunded) during the years for:			
Interest	$8,613.8	$7,406.3	$6,908.5
Income taxes	1,540.1	(177.0)	(453.0)
Noncash investing and financing activities—capital leases	67.0	47.4	142.9

Notes To Financial Statements *(continued)*

NOTE 11. Finance Receivables—Net

The distribution of maturities of finance receivables outstanding at December 31, 1989 and 1988 is summarized as follows:

(Dollars in Millions)	1989	1988
Retail, lease financing, and leasing receivables		
Past due		
Over 30 days	$ 187.0	$ 118.0
30 days or less	503.6	472.3
Due in following year	40,411.3	40,534.6
Due in second following year	21,138.3	20,223.1
Due thereafter	25,938.5	22,567.5
Total	88,178.7	83,915.5
Wholesale receivables (principally due on demand)	10,526.4	9,629.3
Term loans to dealers and others	3,488.3	3,075.6
Other	1,534.8	1,176.7
Total finance receivables	103,728.2	97,797.1
Less:		
Unearned income	10,082.8	9,145.2
Allowance for financing losses	1,290.8	1,175.0
Total finance receivables—net	$ 92,354.6	$87,476.9
Repossessions (included above)	$345.5	$343.4

The aggregate amount of total receivables maturing in each of the five years following December 31, 1989 is as follows: 1990—$54,433.8 million; 1991—$21,857.3 million; 1992—$15,026.5 million; 1993—$8,587.4 million; 1994—$2,942.3 million; and 1995 and thereafter—$880.9 million.

The following table presents an analysis of the allowance for financing losses for 1989, 1988 and 1987.

(Dollars in Millions)	1989	1988	1987
Allowance for financing losses at beginning of the year	$1,175.0	$ 979.4	$726.7
Provision for financing losses			
Non-recourse increment—retail	563.8	332.8	282.1
Other	278.1	488.0	388.9
Total	841.9	820.8	671.0
Charge-offs	(827.1)	(695.2)	(493.5)
Recoveries and other	101.0	70.0	75.2
Allowance for financing losses at end of the year	$1,290.8	$1,175.0	$979.4

The Corporation's finance subsidiary's recourse liability under the limited guaranties connected with the sale in prior years of certain retail finance receivables is generally 5% of the outstanding balances in the pools. The amount recorded for this potential liability totaled $22.8 million at December 31, 1989 and $69.5 million at December 31, 1988. GMAC's retail instalment obligations servicing portfolio at December 31, 1989 amounted to $1.4 billion, compared with $3.8 billion at December 31, 1988. The gains or losses on the sales of receivables are recorded as other income.

NOTE 12. General Motors Acceptance Corporation and Subsidiaries

Condensed Consolidated Balance Sheet (Dollars in Millions)	1989	1988
Cash and investments in securities	$ 3,142.6	$ 3,272.0
Finance receivables—net	79,120.1	74,230.8
Notes receivable from General Motors Corporation	14,460.5	14,840.0
Other assets	6,839.2	6,698.1
Total Assets	$103,562.4	$99,040.9
Short-term debt	$ 54,415.4	$54,505.0
Accounts payable and other liabilities (including GM and affiliates—$2,897.7 and $3,515.5)	8,912.0	9,960.3
Long-term debt	32,453.0	27,370.4
Stockholder's equity	7,782.0	7,205.2
Total Liabilities and Stockholder's Equity	$103,562.4	$99,040.9

Condensed Statement of Separate Consolidated Net Income (Dollars in Millions)	1989	1988	1987
Gross Revenue	$14,503.8	$13,499.6	$13,400.7
Interest and discount	7,908.3	6,641.9	6,118.3
Other expenses	5,044.0	5,060.0	4,906.0
Total Expenses	12,952.3	11,701.9	11,024.3
Income before income taxes	1,551.5	1,797.7	2,376.4
Income taxes	440.8	610.1	923.2
Separate Consolidated Net Income	$ 1,110.7	$ 1,187.6	$ 1,453.2
Dividends paid to GM	$ 600.0	$ 1,000.0	$ 900.0

NOTE 13. Real Estate, Plants, and Equipment and Accumulated Depreciation

(Dollars in Millions)	1989	1988
Real estate, plants, and equipment (Note 14):		
Land	$ 673.2	$ 627.1
Land improvements	1,711.5	1,687.7
Leasehold improvements—less amortization	185.6	203.0
Buildings	12,445.3	12,161.4
Machinery and equipment	41,125.6	40,034.5
Furniture and office equipment	2,843.2	2,653.6
Satellites and related facilities	504.6	336.0
Capitalized leases	1,170.2	1,045.3
Construction in progress	2,731.5	2,057.9
Total	$63,390.7	$60,806.5
Accumulated depreciation:		
Land improvements	$ 968.7	$ 942.6
Buildings	5,731.0	5,579.8
Machinery and equipment	25,468.1	23,978.3
Furniture and office equipment	1,849.0	1,578.6
Satellites and related facilities	192.1	150.6
Capitalized leases	640.8	564.8
Total	$34,849.7	$32,794.7

Foreign currency translation adjustments had the effect of increasing gross property by $268.7 million in 1989 and increasing net property by $92.4 million.

The gross book value of equipment on operating leases was $8,197.0 million at the end of 1989 and $8,491.0 million at the end of 1988. The accumulated depreciation for equipment on operating leases was $3,065.9 million at the end of 1989 and $3,485.9 million at the end of 1988.

The lease payments applicable to equipment on operating leases maturing in each of the five years following December 31, 1989 are as follows: 1990—$1,729.2 million; 1991—$1,371.3 million; 1992—$851.9 million; 1993—$210.2 million; and 1994—$5.6 million.

NOTE 14. Notes and Loans Payable

(Dollars in Millions)	Weighted Average Interest Rate	1989	1988
Notes, loans, and debentures:			
Payable within one year	Various	$56,717.1	$56,516.1
Payable beyond one year:			
U.S. Dollars:			
1990	—	—	6,888.9
1991	9.6%	8,702.7	5,207.8
1992	9.3%	6,545.8	3,852.7
1993	8.4%	4,118.2	2,819.7
1994	8.7%	3,410.6	956.9
1995 and after	9.1%	8,210.2	6,892.5
Other currencies	Various	6,846.8	6,305.9
Subordinated indebtedness	Various	182.5	207.0
Unamortized discount		(1,309.1)	(1,517.4)
Total		$93,424.8	$88,130.1

The Corporation and its subsidiaries maintain bank lines of credit that are supported by bank commitment fees and compensating balances against certain lines of credit. Compensating balances, which are not subject to withdrawal restrictions, are maintained at a level required to provide the same income that a fee would generate. Commitment fees incurred by the Corporation amounted to $15.3 million in 1989, $22.5 million in 1988, and $18.3 million in 1987. Compensating balances maintained by the Corporation averaged $31.2 million for 1989 and $102.7 million for 1988.

At December 31, 1989, the Corporation and its subsidiaries had unused short-term credit lines of approximately $19.0 billion and unused long-term credit agreements of approximately $1.3 billion.

Short-term borrowings are primarily entered into by GMAC. Commercial paper is offered in the United States, Canada, and Europe in varying terms ranging up to 270 days. The weighted average interest rates on commercial paper at December 31, 1989, 1988, and 1987 were 9.05%, 9.22%, and 7.68%, respectively. Master notes represent borrowings on a demand basis arranged generally under agreements with trust departments of certain banks. The weighted average interest rates on master notes at December 31, 1989, 1988, and 1987 were 8.39%, 9.14%, and 7.09%, respectively. Commercial paper and master notes obligations were $33,816.9 million and $4,536.8 million, respectively, at December 31, 1989 and $34,573.2 million and $4,751.8 million, respectively, at December 31, 1988.

Short-term borrowing amounts during the years shown were as follows:

(Dollars in Millions)	1989	1988	1987
Maximum amount outstanding at any month-end	$48,686.3	$47,376.5	$46,806.9
Average borrowings outstanding during the year	$47,161.0	$44,304.6	$45,819.3
Weighted average short-term interest rates*	9.37%	7.67%	6.99%
Weighted average commercial paper rates**	9.46%	7.66%	6.78%

*Based on the approximate average aggregate amount outstanding during the year and the cost of borrowings.

**Rates have been determined by relating commercial paper costs for each year to the daily average dollar amounts outstanding.

In 1981, the Corporation and a subsidiary arranged a private financing of $500 million in 14.7% notes due 1991. An option to acquire certain real estate in 1991 was also granted. The option holder may deliver the notes in payment for the real estate.

Total interest cost incurred in 1989, 1988, and 1987 amounted to $8,859.4 million, $7,297.8 million, and $7,177.9 million, respectively, of which $102.2 million, $64.9 million, and $97.5 million, related to certain real estate, plants, and equipment acquired in those years, was capitalized.

NOTE 15. Other Liabilities

(Dollars in Millions)	1989	1988
Taxes, other than income taxes	$ 1,202.2	$ 1,204.6
Payrolls	1,839.8	1,955.6
Employe benefits	3,298.1	1,632.4
Warranties, dealer and customer allowances, claims, discounts, etc.	6,801.5	7,561.7
Unpaid insurance losses, loss adjustment expenses, and unearned insurance premiums	2,144.5	2,217.2
Interest	1,372.4	1,255.4
Other	11,536.7	9,693.7
Total	$28,195.2	$25,520.6

NOTE 16. Class E Common Stock Split

On February 5, 1990, the Board of Directors declared a two-for-one stock split in the form of a 100% stock dividend for Class E common stock, payable March 10, 1990 to shareholders of record on February 16, 1990. At delivery, the balance sheet will be adjusted for the stock split by increasing Class E common stock and reducing capital surplus by approximately $4.9 million. All per share data have been adjusted for the stock split.

NOTE 17. Stockholders' Equity

The preferred stock is subject to redemption at the option of the Board of Directors on any dividend date on not less than 30 days' notice at the redemption prices stated on the following page, plus accrued dividends.

On September 14, 1987, 19,573,836 shares of $0.10 par value convertible, nonvoting preference stock, valued at $1,039.9 million, were contributed to GM's U.S. pension plans for hourly-rate and salaried employes with respect to the 1986 plan year. The contribution consisted of six separate series of 3,262,306 shares each: (1) Series E-I, E-II, and E-III shares will pay dividends equivalent to twice the dividends declared and paid on Class E common stock and are convertible on a one-for-two fixed basis into Class E common shares three, four, and five years after issuance, respectively (on a post-split basis); and (2) Series H-I, H-II, and H-III shares will pay dividends equivalent to twice the dividends declared and paid on Class H common stock and are convertible on a one-for-two fixed basis into Class H common shares three, four, and five years after issuance, respectively.

Preference Stock Series	Redemption Price/Share	Redemption Date
E-I	$57.25	October 1, 1990
E-II	62.00	September 15, 1991
E-III	67.25	September 15, 1992
H-I	63.50	October 1, 1990
H-II	69.00	September 15, 1991
H-III	74.75	September 15, 1992

Holders of the preference shares will be able to elect to require GM to redeem the shares at the prices on the dates indicated in the preceding table. The redemption prices indicated represent the liquidation values of such shares.

On or after each series' redemption date, quarterly preferential dividends will be payable of $0.715 per share on Series E shares and $0.795 per share on Series H shares. After September 15, 1993, any or all of the preference shares not converted could be redeemed by GM at its option at the applicable redemption prices, although preference shareholders will first have the right to convert if GM exercises its redemption option.

Holders of $1-2/3 par value common stock, Class E common stock, and Class H common stock are entitled to one, one-quarter (post-split), and one-half vote per share, respectively, on all matters submitted to the stockholders for a vote. The liquidation rights of common stockholders are based on per share liquidation units of the various classes and are subject to certain adjustments if outstanding common stock is subdivided, by stock split or otherwise, or if shares of one class of common stock are issued as a dividend to holders of another class of common stock. At December 31, 1989, each share of $1-2/3 par value common, Class E common, and Class H common stock was entitled to a liquidation unit of approximately one, one-quarter (post-split), and one-half, respectively.

After December 31, 1994 or December 31, 1995, the Board of Directors may exchange $1-2/3 par value common stock for Class E common stock or for Class H common stock, respectively, if the Board has declared and paid certain minimum cash dividends during each of the five years preceding the exchange. If GM should sell, liquidate, or otherwise dispose of substantially all of EDS, Hughes, or the other business of GMHE, the Corporation will be required to exchange $1-2/3 par value common stock for Class E common or Class H common stock, respectively. In the event of any exchange, the Class E common or Class H common stockholders will receive $1-2/3 par value common stock having a market value at the time of the exchange equal to 120% of the market value of the Class E common or Class H common stock exchanged.

The Certificate of Incorporation provides that no cash dividends may be paid on the $1-2/3 par value common stock, Class E common stock, Class H common stock, or any series of preference stock so long as current assets (excluding prepaid expenses) in excess of current liabilities of the Corporation are less than $75 per share of outstanding preferred stock. Such current assets (with inventories calculated on the FIFO basis) in excess of current liabilities were greater than $75 in respect of each share of outstanding preferred stock at December 31, 1989 and 1988.

(continued)

NOTE 17. *(continued)*

(Dollars in Millions Except Per Share Amounts)	1989	1988	1987
Capital Stock:			
Preferred Stock, without par value, cumulative dividends (authorized, 6,000,000 shares):			
$5.00 series, stated value $100 per share, redeemable at Corporation option at $120 per share—outstanding at beginning and end of the year (1,530,194 shares)	$ 153.0	$153.0	$153.0
$3.75 series, stated value $100 per share, redeemable at Corporation option at $100 per share—outstanding at beginning and end of the year (814,100 shares)	81.4	81.4	81.4
Preference Stock, $0.10 par value (authorized, 100,000,000 shares):			
E series, convertible one-for-two (post-split) at fixed dates into Class E common stock:			
Issued in conjunction with pension plan contribution (9,786,918 shares issued and outstanding)	1.0	1.0	1.0
H series, convertible one-for-two at fixed dates into Class H common stock:			
Issued in conjunction with pension plan contribution (9,786,918 shares issued and outstanding)	1.0	1.0	1.0
Common Stock, $1-2/3 par value (authorized, 1,000,000,000 shares):			
Issued at beginning of the year (306,456,671 shares in 1989, 312,654,018 in 1988, and 319,383,830 in 1987)	510.7	521.1	532.3
Reacquired on the open market (9,856,604 shares in 1989, 6,555,000 in 1988, and 8,049,495 in 1987)	(16.4)	(11.0)	(13.4)
Newly issued shares sold under provisions of the GM Incentive Program (Note 3) and, in 1987, the Dividend Reinvestment Plan (2,138,166 shares in 1989, 357,653 in 1988, and 1,319,683 in 1987)	3.6	.6	2.2
Two-for-one stock split in the form of a 100% stock dividend (306,945,339 shares)	511.6	—	—
Issued at end of the year (605,683,572 shares in 1989, 306,456,671 in 1988, and 312,654,018 in 1987)	1,009.5	510.7	521.1
Class E Common Stock, $0.10 par value (authorized, 190,000,000 shares):			
Issued at beginning of the year (50,646,603 shares in 1989, 51,601,687 in 1988, and 53,507,119 in 1987)	5.1	5.2	5.4
Issued in the acquisition of MTech Corp (3,266,284 shares)	—	.3	—
Issued in the acquisition of M&SD Corp. (703,200 shares)	—	.1	—
Reacquired on the open market (3,581,949 shares in 1989, 5,819,978 in 1988, and 3,381,258 in 1987)	(.4)	(.6)	(.3)
Issued in conjunction with EDS Incentive Plans (Note 4) and other employe stock plans (1,766,110 shares in 1989, 895,410 in 1988, and 1,475,826 in 1987)	.2	.1	.1
Issued at end of the year (48,830,764 shares in 1989, 50,646,603 in 1988, and 51,601,687 in 1987)	4.9	5.1	5.2
Class H Common Stock, $0.10 par value (authorized, 600,000,000 shares):			
Issued at beginning of the year (128,388,969 shares in 1989, 65,434,936 in 1988, and 66,585,332 in 1987)	12.8	6.5	6.6
Issued in conjunction with GMHE Incentive Plans (Note 5) and other employe stock plans (57,180 shares in 1989, 2,052,212 in 1988, and 574,783 in 1987)	—	.2	.1
Two-for-one stock split in the form of a 100% stock dividend (65,653,841 shares)	—	6.6	—
Reacquired on the open market (3,283,485 shares in 1989, 4,752,020 in 1988, and 1,725,179 in 1987)	(.3)	(.5)	(.2)
Purchased from the Howard Hughes Medical Institute (35,000,000 shares)	(3.5)	—	—
Reclassification of shares subject to repurchase from the Institute (55,000,000 shares)	(5.5)	—	—
Issued at end of the year (35,162,664 shares in 1989, 128,388,969 in 1988, and 65,434,936 in 1987)	3.5	12.8	6.5
Total capital stock at end of the year	$1,254.3	$765.0	$769.2

(continued)

NOTE 17. *(concluded)*

(Dollars in Millions Except Per Share Amounts)	1989	1988	1987
Capital Surplus (principally additional paid-in capital):			
Balance at beginning of the year	$ 6,235.2	$ 6,764.6	$ 6,332.6
Preference stock:			
Amount in excess of par value of shares contributed to GM's U.S. pension plans	–	–	1,037.9
$1-2/3 par value common stock:			
Repurchase price in excess of par value of shares reacquired on the open market	(410.0)	(484.5)	(575.1)
Amounts in excess of par value of newly issued shares used for the GM Incentive Program and the Dividend Reinvestment Plan	93.4	36.7	71.6
Amount transferred to $1-2/3 par value common stock in conjunction with the two-for-one stock split in the form of a 100% stock dividend	(511.6)	–	–
Class E common stock:			
Repurchase price in excess of par value of shares reacquired on the open market	(161.9)	(199.7)	(101.5)
Amounts in excess of par value:			
Issued in the acquisition of MTech Corp and M&SD Corp.	–	165.0	–
Issued in conjunction with EDS Incentive Plans and other employe stock plans	74.5	32.0	49.7
Class H common stock:			
Repurchase price in excess of par value:			
Shares reacquired on the open market	(90.7)	(134.4)	(77.3)
Shares purchased from the Howard Hughes Medical Institute	(971.9)	–	–
Reclassification of shares subject to repurchase from the Institute	(1,644.5)	–	–
Amounts in excess of par value of shares issued in conjunction with GMHE Incentive Plans and other employe stock plans	1.5	62.1	26.7
Amount transferred to Class H common stock in conjunction with the two-for-one stock split in the form of a 100% stock dividend	–	(6.6)	–
Balance at end of the year	2,614.0	6,235.2	6,764.6
Net Income Retained for Use in the Business:			
Balance at beginning of the year	28,970.5	25,771.7	23,888.7
Net income	4,224.3	4,856.3	3,550.9
Total	33,194.8	30,628.0	27,439.6
Cash dividends:			
Preferred stock, $5.00 series, $5.00 per share	7.7	7.7	7.7
Preferred stock, $3.75 series, $3.75 per share	3.0	3.0	3.0
Preference stock, E series, $0.96 per share in 1989, $0.68 in 1988, and $0.13 in 1987	9.4	6.7	1.3
Preference stock, H series, $1.44 per share in 1989, $0.88 in 1988, and $0.18 in 1987	14.1	8.6	1.7
$1-2/3 par value common stock, $3.00 per share in 1989 and $2.50 in 1988 and 1987	1,813.2	1,540.5	1,579.6
Class E common stock, $0.48 per share in 1989, $0.34 in 1988, and $0.26 in 1987 (on a post-split basis)	45.6	34.8	27.4
Class H common stock, $0.72 per share in 1989, $0.44 in 1988, and $0.36 in 1987	71.1	56.2	47.2
Total cash dividends	1,964.1	1,657.5	1,667.9
Balance at end of the year	31,230.7	28,970.5	25,771.7
Accumulated Foreign Currency Translation and Other Adjustments:			
Balance at beginning of the year:			
Accumulated foreign currency translation adjustments	(459.9)	(231.7)	(482.8)
Net unrealized gains on marketable equity securities	160.9	151.3	160.8
Changes during the year:			
Accumulated foreign currency translation adjustments	104.4	(228.2)	251.1
Net unrealized gains (losses) on marketable equity securities	78.1	9.6	(9.5)
Balance at end of the year	(116.5)	(299.0)	(80.4)
Total Stockholders' Equity	$34,982.5	$35,671.7	$33,225.1

The equity of the Corporation and its subsidiaries in the accumulated net income or loss, since acquisition, of associates has been included in net income retained for use in the business.

At December 31, 1989, consolidated net income retained for use in the business attributable to $1-2/3 par value common, Class E common, and Class H common stocks was $30,020.6 million, $568.8 million, and $641.3 million, respectively.

NOTE 18. Profit Sharing Plans

In 1988, the profit sharing formula was changed to provide a payout when the Corporation's U.S. income before income taxes plus equity in U.S. earnings of finance subsidiaries exceeds a minimum annual return equal to 1.8% of U.S. sales and revenues. Specified percentages of profits, ranging from 7.5% to 16.0%, in excess of the minimum annual return equal to 1.8% through 6.9% of U.S. sales and revenues, less that portion of profit sharing allocable to nonparticipating employes, are distributed to eligible U.S. employes. The accrual for profit sharing was $22.1 million in 1989 and $114.1 million in 1988. GM's earnings in 1987 were not sufficient to generate a payment under the prior profit sharing formula.

NOTE 19. Segment Reporting

Industry Segments

While the major portion of the Corporation's operations is derived from the automotive products industry segment, GM also has financing and insurance operations and produces products and provides services in other industry segments. The automotive products segment consists of the design, manufacture, assembly, and sale of automobiles, trucks, and related parts and accessories. The financing and insurance operations assist in the merchandising of General Motors' products as well as other products. GMAC and its subsidiaries, as well as certain other subsidiaries of GM, offer financial services and certain types of insurance to dealers and customers. In addition, subsidiaries of GMAC are engaged in mortgage banking operations. The other products segment consists of military vehicles, radar and weapon control systems, guided missile systems, and defense satellites; the design, installation, and operation of business information and telecommunication systems; as well as the design, development, and manufacture of locomotives; turboshaft and turboprop engines for military and commercial aerospace usage; compressor, generator, and marine gas turbine engine applications; commercial satellites; and specialized automated production and test equipment. Because of the high degree of integration, substantial interdivisional and intersegment transfers of materials and services are made. Intersegment sales and revenues are made at negotiated selling prices.

Substantially all of the products in the automotive segment are marketed through retail dealers and through distributors and jobbers in the United States and Canada and through distributors and dealers overseas.

Information concerning operations by industry segment is displayed below and on the next page.

1989	Automotive Products	Financing & Insurance Operations	Other Products	Total
		(Dollars in Millions)		
Net Sales and Revenues:				
Outside	$99,106.1	$11,254.0	$12,851.7	$123,211.8
Intersegment	334.8	–	3,014.7	–
Total	$99,440.9	$11,254.0	$15,866.4	$123,211.8*
Operating Profit	$ 5,131.1	N/A**	$ 579.9	$ 5,711.0**
Identifiable Assets at Year-End	$64,598.0	$89,851.8	$16,782.2	$171,232.0
Depreciation and Amortization	$ 4,206.2	$ 1,583.5	$ 1,378.5	$ 7,168.2
Capital Expenditures	$ 6,287.6	$ 127.2	$ 1,090.3	$ 7,505.1

1988	Automotive Products	Financing & Insurance Operations	Other Products	Total
Net Sales and Revenues:				
Outside	$97,437.5	$10,664.9	$12,285.3	$120,387.7
Intersegment	339.6	3.0	2,866.6	–
Total	$97,777.1	$10,667.9	$15,151.9	$120,387.7*
Operating Profit	$ 5,614.5	N/A**	$ 175.7	$ 5,790.2**
Identifiable Assets at Year-End	$60,420.4	$84,444.8	$16,553.1	$161,418.3
Depreciation and Amortization	$ 4,050.6	$ 1,585.5	$ 1,444.9	$ 7,081.0
Capital Expenditures	$ 4,524.6	$ 127.4	$ 974.5	$ 5,626.5

Reference should be made to notes on page 43.

(continued)

Notes To Financial Statements *(continued)*

NOTE 19. *(continued)*

1987	Automotive Products	Financing & Insurance Operations	Other Products	Total
	(Dollars in Millions)			
Net Sales and Revenues:				
Outside	$89,612.6	$10,920.8	$11,744.9	$112,278.3
Intersegment	278.0	7.3	2,870.7	–
Total	$89,890.6	$10,928.1	$14,615.6	$112,278.3*
Operating Profit	$ 3,379.9	N/A**	$ 420.2	$ 3,800.1**
Identifiable Assets at Year-End	$60,159.5	$84,713.0	$16,305.9	$161,178.4
Depreciation and Amortization	$ 4,695.3	$ 1,669.0	$ 1,462.6	$ 7,826.9
Capital Expenditures	$ 6,127.9	$ 111.3	$ 911.4	$ 7,150.6

*After elimination of intersegment transactions.
**Excludes Financing and Insurance Operations as they do not report Operating Profit.

A reconciliation of outside net sales and revenues to Total Net Sales and Revenues and of operating profit to Income before Income Taxes detailed in the Statement of Consolidated Income and a reconciliation of identifiable assets to Total Assets displayed in the Consolidated Balance Sheet follow:

(Dollars in Millions)	1989	1988	1987
Outside Net Sales and Revenues reported above	$123,211.8	$120,387.7	$112,278.3
Other Income	3,720.1	3,253.9	2,592.1
Total Net Sales and Revenues	$126,931.9	$123,641.6	$114,870.4
Total Operating Profit reported above	$ 5,711.0	$ 5,790.2	$ 3,800.1
Financing and Insurance Operations	1,551.7	1,802.8	2,386.6
Other Corporate Income and Expenses Less Intersegment Transactions	(864.4)	(858.1)	(1,778.2)
Income before Income Taxes	$ 6,398.3	$ 6,734.9	$ 4,408.5
Identifiable Assets	$171,232.0	$161,418.3	$161,178.4
Corporate Assets	5,445.2	6,512.5	4,231.1
Eliminations	(3,380.1)	(3,867.7)	(3,066.3)
Total Assets	$173,297.1	$164,063.1	$162,343.2

Geographic Segments

Net sales and revenues, net income, total and net assets, and average number of employes in the U.S. and in locations outside the U.S. are summarized below. Net income is after provisions for deferred income taxes applicable to that portion of the undistributed earnings not deemed to be indefinitely invested, less available tax credits and deductions, and appropriate consolidating adjustments. Interarea sales and revenues are made at negotiated selling prices.

1989	United States	Canada	Europe	Latin America	All Other	Total*
			(Dollars in Millions)			
Net Sales and Revenues:						
Outside (excluding GMAC)	$ 81,650.7	$ 6,903.5	$17,850.3	$3,507.2	$2,621.5	$112,533.2
GMAC and related operations	8,405.3	883.1	1,080.5	87.8	221.9	10,678.6
Other income	3,107.6	34.8	414.1	120.3	43.3	3,720.1
Subtotal outside	93,163.6	7,821.4	19,344.9	3,715.3	2,886.7	126,931.9
Interarea	10,185.1	9,825.3	395.1	1,293.2	128.5	–
Total	$103,348.7	$17,646.7	$19,740.0	$5,008.5	$3,015.2	$126,931.9
Net Income	$ 1,279.0	$ 288.5	$ 1,830.0	$ 488.4	$ 345.3	$ 4,224.3
Total Assets	$131,595.8	$13,187.4	$21,782.6	$4,589.3	$4,016.4	$173,297.1
Net Assets	$ 21,264.0	$ 3,025.7	$ 5,956.2	$3,352.9	$1,483.0	$ 34,982.5
Average Number of Employes (in thousands)	531	42	118	71	13	775

*After elimination of interarea transactions.

(continued)

Notes To Financial Statements *(concluded)*

NOTE 19. *(concluded)*

1988	United States	Canada	Europe	Latin America	All Other	Total*
			(Dollars in Millions)			
Net Sales and Revenues:						
Outside (excluding GMAC)	$ 82,434.9	$ 6,534.8	$16,283.9	$2,433.4	$2,035.8	$109,722.8
GMAC and related operations	8,825.0	673.0	913.9	85.0	168.0	10,664.9
Other income	2,618.5	52.7	161.2	345.4	76.1	3,253.9
Subtotal outside	93,878.4	7,260.5	17,359.0	2,863.8	2,279.9	123,641.6
Interarea	9,392.2	9,195.9	415.3	1,407.6	43.4	–
Total	$103,270.6	$16,456.4	$17,774.3	$4,271.4	$2,323.3	$123,641.6
Net Income	$ 1,813.2	$ 387.2	$ 1,781.4	$ 539.6	$ 300.6	$ 4,856.3
Total Assets	$130,797.5	$11,054.7	$15,699.2	$4,278.9	$3,390.7	$164,063.1
Net Assets	$ 25,858.2	$ 2,849.0	$ 2,836.8	$2,929.8	$1,290.5	$ 35,671.7
Average Number of Employes (in thousands)	538	39	112	62	15	766

Certain amounts for 1988 have been reclassified to conform with 1989 classifications.

1987	United States	Canada	Europe	Latin America	All Other	Total*
Net Sales and Revenues:						
Outside (excluding GMAC)	$ 77,266.2	$ 5,791.3	$14,476.6	$1,904.0	$1,919.4	$101,357.5
GMAC and related operations	9,414.5	533.2	788.5	50.0	134.6	10,920.8
Other income	2,064.4	51.8	104.5	348.7	22.7	2,592.1
Subtotal outside	88,745.1	6,376.3	15,369.6	2,302.7	2,076.7	114,870.4
Interarea	8,731.3	6,978.9	305.5	958.5	166.1	–
Total	$ 97,476.4	$13,355.2	$15,675.1	$3,261.2	$2,242.8	$114,870.4
Net Income	$ 1,702.2	$ 42.9	$ 1,255.4	$ 445.0	$ 175.9	$ 3,550.9
Total Assets	$131,059.1	$ 9,838.4	$15,625.2	$3,612.7	$3,342.7	$162,343.2
Net Assets	$ 26,327.1	$ 2,463.6	$ 1,280.5	$2,462.2	$ 913.5	$ 33,225.1
Average Number of Employes (in thousands)	583	41	118	57	14	813

*After elimination of interarea transactions.

NOTE 20. Commitments and Contingent Liabilities

Minimum future commitments under operating leases having noncancellable lease terms in excess of one year, primarily for real property, aggregating $4,138.5 million, are payable $678.5 million in 1990, $507.2 million in 1991, $394.0 million in 1992, $307.9 million in 1993, $253.7 million in 1994, and $1,997.2 million in 1995 and thereafter. Certain of the leases contain escalation clauses and renewal or purchase options. Rental expenses under operating leases were $988.2 million in 1989, $879.6 million in 1988, and $913.6 million in 1987.

The Corporation and its subsidiaries are subject to potential liability under government regulations and various claims and legal actions which are pending or may be asserted against them. Some of the pending actions purport to be class actions. The aggregate ultimate liability of the Corporation and its subsidiaries under these government regulations, and under these claims and actions, was not determinable at December 31, 1989. In the opinion of management, such liability is not expected to have a material adverse effect on the Corporation's consolidated financial position.

Supplementary Information

Selected Quarterly Data

(Dollars in Millions)	1989 Quarters 1st	2nd	3rd	4th	1988 Quarters 1st	2nd	3rd	4th
Net sales and revenues	$33,238.5*	$33,536.3*	$28,793.1	$31,364.0	$29,811.1	$33,178.4	$28,221.3	$32,430.8
Income before income taxes	$ 2,443.1	$ 2,356.3	$ 763.3	$ 835.6	$ 1,191.9	$ 2,167.9	$ 1,070.1	$ 2,305.0
United States, foreign, and other income taxes	890.1	902.1	246.4	135.4	324.0	661.2	210.9	906.7
Income before cumulative effect of accounting change	1,553.0	1,454.2	516.9	700.2	867.9	1,506.7	859.2	1,398.3
Cumulative effect of accounting change	–	–	–	–	224.2	–	–	–
Net income	1,553.0	1,454.2	516.9	700.2	1,092.1	1,506.7	859.2	1,398.3
Dividends on preferred and preference stocks	8.6	8.5	8.6	8.5	6.5	6.5	6.5	6.5
Earnings on common stocks	$ 1,544.4	$ 1,445.7	$ 508.3	$ 691.7	$ 1,085.6	$ 1,500.2	$ 852.7	$ 1,391.8
Earnings attributable to common stocks:								
$1-2/3 par value before cumulative effect of accounting change	$ 1,443.5	$ 1,350.2	$ 432.1	$ 605.2	$ 749.1	$ 1,395.5	$ 755.1	$ 1,295.3
Cumulative effect of accounting change	–	–	–	–	218.1	–	–	–
Net earnings attributable to $1-2/3 par value	$ 1,443.5	$ 1,350.2	$ 432.1	$ 605.2	$ 967.2	$ 1,395.5	$ 755.1	$ 1,295.3
Class E	$ 40.6	$ 41.4	$ 43.2	$ 45.8	$ 36.8	$ 40.5	$ 40.4	$ 42.6
Class H before cumulative effect of accounting change	$ 60.3	$ 54.1	$ 33.0	$ 40.7	$ 75.5	$ 64.2	$ 57.2	$ 53.9
Cumulative effect of accounting change	–	–	–	–	6.1	–	–	–
Net earnings attributable to Class H	$ 60.3	$ 54.1	$ 33.0	$ 40.7	$ 81.6	$ 64.2	$ 57.2	$ 53.9

*First and second quarter amounts have been reclassified to conform with third quarter 1989 classifications.

The effective income tax rates for the 1989 quarters reflect the accrual of taxes on planned dividend remittances from foreign subsidiaries. In addition, the effective income tax rate for the 1989 fourth quarter reflects increased utilization of research and experimentation credits and favorable state and local tax returns as filed adjustments.

The effective income tax rates for the 1989 and 1988 quarters reflect the continuing amortization of investment tax credits earned in prior years and include the tax benefits related to the utilization of loss carryforwards at certain overseas operations. In addition, the effective income tax rate for the 1988 fourth quarter reflects a change in estimate related to taxes on foreign dividends.

Effective January 1, 1988, accounting procedures were changed to include in inventory certain manufacturing overhead costs previously charged directly to expense.

(continued)

Supplementary Information *(continued)*

Selected Quarterly Data *(concluded)*

(Dollars in Millions Except Per Share Amounts)	1989 Quarters 1st	2nd	3rd	4th	1988 Quarters 1st	2nd	3rd	4th
Average number of shares of common stocks outstanding (in millions):								
$1-2/3 par value	608.9	604.5	602.5	601.5	621.0	617.6	614.0	610.1
Class E(a)	98.9	94.8	93.1	91.4	100.8	103.1	102.8	100.4
Class H	114.8	90.0	89.5	88.9	129.5	127.7	127.4	127.2
Earnings per share attributable to common stocks:								
$1-2/3 par value before cumulative effect of accounting change	$2.37	$2.23	$0.72	$1.01	$1.21	$2.26	$1.23	$2.12
Cumulative effect of accounting change	–	–	–	–	0.35	–	–	–
Net earnings attributable to $1-2/3 par value	$2.37	$2.23	$0.72	$1.01	$1.56	$2.26	$1.23	$2.12
Class E(a)	$0.41	$0.44	$0.46	$0.50	$0.37	$0.39	$0.39	$0.42
Class H before cumulative effect of accounting change	$0.51	$0.60	$0.37	$0.46	$0.58	$0.50	$0.45	$0.43
Cumulative effect of accounting change	–	–	–	–	0.05	–	–	–
Net earnings attributable to Class H	$0.51	$0.60	$0.37	$0.46	$0.63	$0.50	$0.45	$0.43
Cash dividends per share of common stocks:								
$1-2/3 par value	$0.75	$0.75	$0.75	$0.75	$0.625	$0.625	$0.625	$0.625
Class E(a)	$0.12	$0.12	$0.12	$0.12	$0.085	$0.085	$0.085	$0.085
Class H	$0.18	$0.18	$0.18	$0.18	$0.11	$0.11	$0.11	$0.11
Common stock price range:								
$1-2/3 par value(b):								
High	$47.31	$43.50	$50.50	$48.88	$36.94	$40.56	$40.25	$44.06
Low	$40.88	$39.13	$40.00	$40.63	$30.00	$34.94	$35.56	$36.81
Class E(a)(c):								
High	$23.38	$26.94	$27.94	$28.81	$21.94	$22.44	$21.50	$22.44
Low	$21.25	$22.13	$25.31	$26.06	$16.75	$18.25	$18.75	$19.63
Class H(d):								
High	$28.50	$28.13	$32.13	$30.50	$40.63	$35.25	$30.88	$30.63
Low	$23.50	$25.75	$28.00	$24.13	$24.13	$26.63	$28.00	$25.13

(a) Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend declared February 5, 1990, payable March 10, 1990.

(b) The principal market is the New York Stock Exchange and prices are based on the Composite Tape. $1-2/3 par value common stock is also listed on the Midwest, Pacific, and Philadelphia stock exchanges. As of December 31, 1989, there were 953,450 holders of record of $1-2/3 par value common stock.

(c) The principal market is the New York Stock Exchange and prices are based on the Composite Tape. As of December 31, 1989, there were 445,708 holders of record of Class E common stock.

(d) The principal market is the New York Stock Exchange and prices are based on the Composite Tape. As of December 31, 1989, there were 523,665 holders of record of Class H common stock.

Supplementary Information *(continued)*

Selected Financial Data

(Dollars in Millions Except Per Share Amounts)	1989	1988	1987	1986	1985
Net sales and revenues	$126,931.9	$123,641.6	$114,870.4	$115,609.9	$106,655.8
Earnings attributable to $1-2/3 par value common stock	$ 3,831.0	$ 4,413.1	$ 3,178.9	$ 2,607.7	$ 3,883.6
Cash dividends on $1-2/3 par value	1,813.2	1,540.5	1,579.6	1,588.0	1,592.9
Dividend of Class H common shares	–	–	–	(0.5)	572.1
Net income retained in the year	$ 2,017.8	$ 2,872.6	$ 1,599.3	$ 1,020.2	$ 1,718.6
Earnings per share attributable to $1-2/3 par value common stock*	$6.33	$7.17	$5.03	$4.11	$6.14
Cash dividends per share of $1-2/3 par value*	3.00	2.50	2.50	2.50	2.50
Per share dividend of Class H common shares*	–	–	–	–	0.97
Net income per share retained in the year*	$3.33	$4.67	$2.53	$1.61	$2.67
Earnings attributable to Class E common stock	$ 171.0	$ 160.3	$ 139.1	$ 136.2	$ 103.8
Cash dividends on Class E	45.6	34.8	27.4	25.9	12.4
Net income retained in the year	$ 125.4	$ 125.5	$ 111.7	$ 110.3	$ 91.4
Earnings per share attributable to Class E common stock**	$1.81	$1.57	$1.33	$1.07	$0.79
Cash dividends per share of Class E**	0.48	0.34	0.26	0.20	0.10
Net income per share retained in the year**	$1.33	$1.23	$1.07	$0.87	$0.69
Earnings attributable to Class H common stock (issued in December 1985)	$ 188.1	$ 256.9	$ 219.2	$ 190.0	–
Cash dividends on Class H	71.1	56.2	47.2	38.4	–
Net income retained in the year	$ 117.0	$ 200.7	$ 172.0	$ 151.6	–
Earnings per share attributable to Class H common stock	$1.94	$2.01	$1.67***	$1.48***	–
Cash dividends per share of Class H	0.72	0.44	0.36***	0.30***	–
Net income per share retained in the year	$1.22	$1.57	$1.31***	$1.18***	–
Average number of shares of common stocks outstanding (in millions):					
$1-2/3 par value*	604.3	615.7	631.5	635.3	632.6
Class E**	94.5	101.8	105.2	127.5	133.1
Class H (issued in December 1985)	95.7	127.9	130.8***	127.8***	–
Cash dividends on capital stocks as a percent of net income	46.5%	34.1%	47.0%	56.5%	40.4%
Expenditures for real estate, plants, and equipment	$ 4,577.3	$ 3,432.1	$ 4,804.4	$ 8,159.5	$ 8,068.3****
Expenditures for special tools	$ 2,927.8	$ 2,194.4	$ 2,346.2	$ 3,625.3	$ 3,075.0
Cash and marketable securities	$ 10,213.3	$ 10,181.4	$ 7,819.3	$ 7,359.7	$ 7,924.9
Working capital (with GMAC on an equity basis)	$ 17,229.8	$ 17,728.9	$ 13,049.7	$ 3,920.3	$ 1,957.5
Total assets	$173,297.1	$164,063.1	$162,343.2	$150,157.1	$130,043.5
Long-term debt and capitalized leases (with GMAC on an equity basis)	$ 4,565.7	$ 4,535.7	$ 4,313.4	$ 4,325.3	$ 2,867.2

Effective January 1, 1988, accounting procedures were changed to include in inventory certain manufacturing overhead costs previously charged directly to expense. The effect of this change on 1988 earnings was a favorable adjustment of $218.1 million or $0.35 per share of $1-2/3 par value common stock and $6.1 million or $0.05 per share of Class H common stock. The revision in 1987 of estimated service lives of plants and equipment and special tools had the effect of reducing 1987 depreciation and amortization charges by $1,236.6 million or $1.28 per share of $1-2/3 par value common stock. The revision in 1987 by GMAC of rates of depreciation for automobiles on operating leases to retail customers had the effect of reducing 1987 depreciation charges by $424.5 million or $0.41 per share of $1-2/3 par value common stock. Financial data for years prior to 1986 have not been restated for the adoption effective January 1, 1986 of SFAS No. 87, Employers' Accounting for Pensions. The effect of adopting SFAS No. 87 was to increase net income for 1986 by $330.5 million or $0.48 per share of $1-2/3 par value common stock, $0.02 per share (post-split) of Class E common stock, and $0.17 per share of Class H common stock.

*Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend distributed on March 31, 1989.

**Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend declared February 5, 1990, payable March 10, 1990.

***Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend distributed on March 10, 1988.

****Includes $1,948.7 million of net property acquired in the Hughes acquisition.

(continued)

Supplementary Information *(concluded)*

Selected Financial Data *(concluded)*

(Dollars in Millions Except Per Share Amounts)	1984	1983	1982	1981	1980
Net sales and revenues	$93,144.8	$82,502.3	$67,747.7	$69,191.4	$62,698.0
Earnings (loss) attributable to $1-2/3 par value common stock	$ 4,498.3	$ 3,717.3	$ 949.8	$ 320.5	($ 775.4)
Cash dividends on $1-2/3 par value	1,510.0	879.3	737.3	717.6	861.2
Dividend of Class E common shares	586.7	—	—	—	—
Dividend of Class H common shares	—	—	—	—	—
Net income (loss) retained in the year	$ 2,401.6	$ 2,838.0	$ 212.5	($ 397.1)	($ 1,636.6)
Earnings (loss) per share attributable to $1-2/3 par value common stock*	$7.14	$5.92	$1.55	$0.53	($1.32)
Cash dividends per share of $1-2/3 par value*	2.38	1.40	1.20	1.20	1.48
Per share dividend of Class E common shares*	0.95	—	—	—	—
Per share dividend of Class H common shares	—	—	—	—	—
Net income (loss) per share retained in the year*	$3.81	$4.52	$0.35	($0.67)	($2.80)
Earnings attributable to Class E common stock (issued in 1984)	$ 5.7	—	—	—	—
Cash dividends on Class E	1.2	—	—	—	—
Net income retained in the year	$ 4.5	—	—	—	—
Earnings per share attributable to Class E common stock**	$0.08	—	—	—	—
Cash dividends per share of Class E**	0.0225	—	—	—	—
Net income per share retained in the year**	$0.0575	—	—	—	—
Earnings attributable to Class H common stock (issued in December 1985)	—	—	—	—	—
Cash dividends on Class H	—	—	—	—	—
Net income retained in the year	—	—	—	—	—
Earnings per share attributable to Class H common stock	—	—	—	—	—
Cash dividends per share of Class H	—	—	—	—	—
Net income per share retained in the year	—	—	—	—	—
Average number of shares of common stocks outstanding (in millions):					
$1-2/3 par value*	630.7	627.8	614.8	598.1	584.8
Class E (issued in 1984)**	72.6	—	—	—	—
Class H (issued in December 1985)	—	—	—	—	—
Cash dividends on capital stocks as a percent of net income	33.7%	23.9%	77.9%	219.1%	N.A.
Expenditures for real estate, plants, and equipment	$ 3,610.1	$ 1,932.2	$ 3,619.8	$ 6,568.5	$ 5,173.7
Expenditures for special tools	$ 2,452.1	$ 2,083.7	$ 2,601.1	$ 3,178.1	$ 2,600.0
Cash and marketable securities	$10,688.3	$ 8,237.4	$ 4,815.4	$ 3,038.2	$ 5,195.2
Working capital (with GMAC on an equity basis)	$ 6,276.7	$ 5,890.8	$ 1,658.1	$ 1,158.8	$ 3,212.1
Total assets	$98,414.9	$89,458.0	$81,197.3	$76,798.8	$64,499.5
Long-term debt and capitalized leases (with GMAC on an equity basis)	$ 2,772.9	$ 3,521.8	$ 4,745.1	$ 4,044.0	$ 2,058.3

Earnings and earnings per share attributable to common stocks in 1984 have been restated to reflect the Class E common stock amendment approved by the stockholders in December 1985. Data for years prior to 1983 have not been restated for the adoption of SFAS No. 52, Foreign Currency Translation. The effect of adopting SFAS No. 52 was to reduce net income for 1983 by about $422.5 million or $0.68 per share of $1-2/3 par value common stock.

*Adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend distributed on March 31, 1989.

**Adjusted to reflect the two for-one stock splits in the form of 100% stock dividends distributed on June 10, 1985 and declared February 5, 1990, payable March 10, 1990.

Officers

Roger B. Smith
Chairman and Chief Executive Officer

Robert C. Stempel
President and Chief Operating Officer

EXECUTIVE VICE PRESIDENTS

William E. Hoglund
Automotive Components Group, Power Products and Defense Operations Group

Robert T. O'Connell
Finance Group, GMAC, and Chief Financial Officer

Lloyd E. Reuss
North American Automotive Operations

Robert J. Schultz
Electronic Data Systems GM Hughes Electronics GM Technical Staffs Group

F. Alan Smith
Operating Staffs and Public Affairs Staffs Groups

John F. Smith, Jr.
International Operations

VICE PRESIDENTS AND GROUP EXECUTIVES

J. T. Battenberg, III
Buick, Oldsmobile, Cadillac Group

Edward P. Czapor
Quality and Reliability and Service Parts Operations Group

Gary W. Dickinson
Technical Staffs Group

Charles Katko
Operating Staffs Group

E. Michael Mutchler
Chevrolet, Pontiac, GM of Canada Group

W. Blair Thompson
Automotive Components Group

Clifford J. Vaughan
Truck and Bus Group

Marina v.N. Whitman
Public Affairs Staffs Group

VICE PRESIDENTS

Betsy Ancker-Johnson
Environmental Activities Staff

W. Gordon Binns, Jr.
Chief Investment Funds Officer

David D. Campbell
Group Director—Operations Chevrolet, Pontiac, GM of Canada Group

Lewis B. Campbell
Manager Flint Automotive Division Buick, Oldsmobile, Cadillac Group

Patrick J. Coletta
Group Director Truck and Bus Operations

George C. Eads
Economics Staff and Chief Economist

Robert J. Eaton
President General Motors Europe

James B. Fitzpatrick
Marketing and Product Planning Staff

Robert A. Frosch
Research Laboratories

John O. Grettenberger
General Manager Cadillac Motor Car Division

Ronald H. Haas
Current Engineering and Manufacturing Services Staff

Donald E. Hackworth
Manager Lansing Automotive Division Buick, Oldsmobile, Cadillac Group

John W. Jarrell
General Manager Electro-Motive Division

James D. Johnston
Industry-Government Relations

Charles M. Jordan
Design Staff

Leon J. Krain
Finance

William W. Lane*
Dealer and Customer Network Development

Richard G. LeFauve
President Saturn Corporation

J. Michael Losh
General Manager Oldsmobile Division

Thomas S. McDaniel
Asian and Pacific Operations

John W. McNulty
Public Relations Staff

Edward H. Mertz
General Manager Buick Motor Division

John G. Middlebrook
General Manager Pontiac Motor Division

Claude N. Moore
Customer Sales and Service Staff

Arvin F. Mueller
Group Director—Engineering Chevrolet, Pontiac, GM of Canada Group

Richard F. O'Brien
Personnel Administration and Development Staff

Donald A. Pais
Materials Management Staff

George A. Peapples
President and General Manager General Motors of Canada Limited

Harry J. Pearce
General Counsel

J. C. Perkins
General Manager Chevrolet Motor Division

John E. Rhame
International Export, African, and Mideast Operations

Donald L. Runkle
Advanced Engineering Staff

Robert B. Stone
Latin American Operations and Managing Director General Motors do Brasil Ltda.

F. Blake Wallace
General Manager Allison Gas Turbine Division

Alfred S. Warren, Jr.
Industrial Relations Staff

Shirley Young
Consumer Market Development

Paul H. Zalecki
Office of the General Counsel and Secretary

STAFF OFFICERS

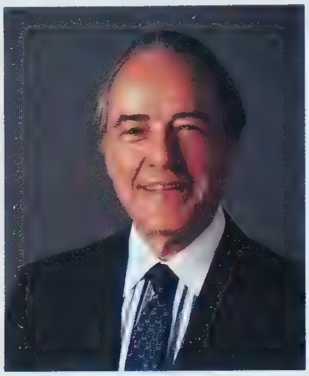
Charles E. Golden
Treasurer

John E. Mischi
Comptroller

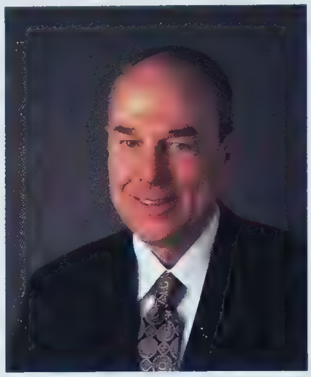
*Retired effective January 1, 1990.

Board Of Directors

Anne L. Armstrong
Chairman, President's Foreign Intelligence Advisory Board
Director—13 Years



James H. Evans
Retired Chairman of the Board, Union Pacific Corporation
Director—10 Years



Thomas E. Everhart
President, California Institute of Technology
Director—1 Year

Charles T. Fisher, III
Chairman and President, NBD Bancorp Inc.
Director—18 Years

Marvin L. Goldberger
Director, The Institute for Advanced Study, Princeton, N.J.
Director—9 Years

John J. Horan
Former Chairman of the Board, Merck & Co., Inc.
Director—10 Years

J. Willard Marriott, Jr.
Chairman, President, and Chief Executive Officer, Marriott Corporation
Joined Board August 1989

Ann D. McLaughlin
Visiting Fellow, The Urban Institute, Washington, D.C.; Former U.S. Secretary of Labor
Joined Board January 1990

Edmund T. Pratt, Jr.
Chairman of the Board, Pfizer Inc
Director—13 Years

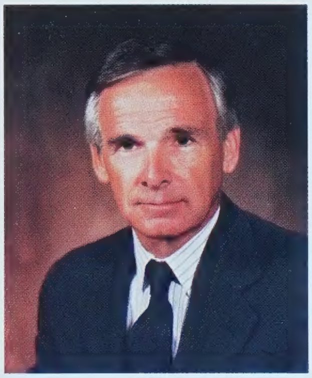
Lloyd E. Reuss
Executive Vice President, North American Automotive Operations
Service—32 Years
Director—4 Years

George P. Shultz*
Professor of International Economics, Graduate School of Business, Stanford University, Former U.S. Secretary of State
Director—2 Years

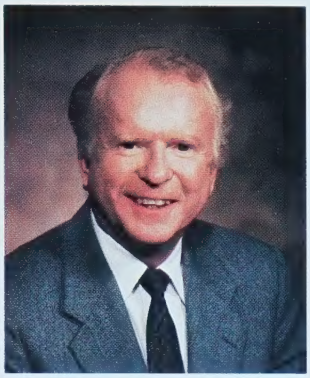
John G. Smale
Former Chairman of the Board, The Procter & Gamble Company
Director—8 Years

*Joined Board in 1981; resigned in 1982 to serve as U.S. Secretary of State, rejoined Board in March 1989

Committees



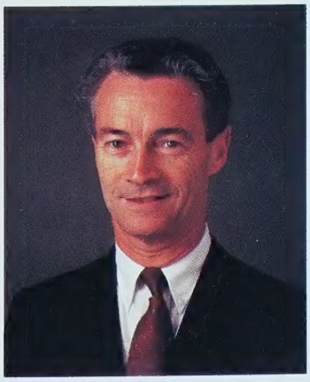
F. Alan Smith
Executive Vice President, Operating Staffs and Public Affairs Staffs Groups
Service—34 Years
Director—9 Years



Roger B. Smith
Chairman, Board of Directors and Chief Executive Officer
Service—41 Years
Director—15 Years

Robert C. Stempel
President and Chief Operating Officer
Service—32 Years
Director—4 Years

Leon H. Sullivan
Pastor Emeritus, Zion Baptist Church of Philadelphia
Director—19 Years



Dennis Weatherstone
Chairman, J. P. Morgan & Co. Incorporated
Director—4 Years

Thomas H. Wyman
Former Chairman of the Board, CBS Inc.
Director—5 Years

THE EXECUTIVE COMMITTEE

Roger B. Smith
Chairman

Anne L. Armstrong
James H. Evans
Charles T. Fisher, III
John J. Horan
Edmund T. Pratt, Jr.

THE FINANCE COMMITTEE

Roger B. Smith
Chairman

James H. Evans
Charles T. Fisher, III
Edmund T. Pratt, Jr.
Lloyd E. Reuss
George P. Shultz
John G. Smale
F. Alan Smith
Robert C. Stempel
Dennis Weatherstone

THE NOMINATING COMMITTEE

Edmund T. Pratt, Jr.
Chairman

Anne L. Armstrong
James H. Evans
Charles T. Fisher, III
John J. Horan
George P. Shultz

THE INCENTIVE AND COMPENSATION COMMITTEE

Charles T. Fisher, III
Chairman

Anne L. Armstrong
James H. Evans
Edmund T. Pratt, Jr.
John G. Smale
Thomas H. Wyman

THE PUBLIC POLICY COMMITTEE

John J. Horan
Chairman

Thomas E. Everhart
Marvin L. Goldberger
Leon H. Sullivan
Dennis Weatherstone

THE AUDIT COMMITTEE

Anne L. Armstrong
Chairman

Thomas E. Everhart
Marvin L. Goldberger
John J. Horan
Leon H. Sullivan
Thomas H. Wyman

THE CAPITAL STOCK COMMITTEE

James H. Evans
Chairman

Marvin L. Goldberger
John J. Horan
Thomas H. Wyman

THE MANAGEMENT COMMITTEE

Robert C. Stempel
Chairman

William E. Hoglund
Robert T. O'Connell
Lloyd E. Reuss
Robert J. Schultz
F. Alan Smith
John F. Smith, Jr.
Roger B. Smith

Stockholder Information

Common Stock Symbols

- $1-2/3 par value common.
  Stock Symbol: GM
- Class E common.
  Stock Symbol: GME
- Class H common.
  Stock Symbol: GMH

Annual Meeting

THE ANNUAL MEETING OF STOCKHOLDERS will be held at 9:00 a.m. on Friday, May 25, 1990 in Detroit, Michigan.

Notice of the Annual Meeting, the Proxy Statement, and proxy will be mailed to stockholders.

Principal Offices And Stock Transfer Offices

PRINCIPAL OFFICES
General Motors Corporation
(a Delaware Corporation)
3044 West Grand Boulevard
Detroit, Michigan 48202

767 Fifth Avenue
New York, New York 10153

STOCK TRANSFER OFFICES
First Chicago Trust Company of New York
P.O. Box 3983
Church Street Station
New York, New York 10008-3983
(212-791-3909)

National Trust Company Limited
21 King Street East
Toronto, Ontario M5C 1B3, Canada

National Trust Company Limited
1350 Sherbrooke Street, West
Montreal, Quebec H3G 1J1, Canada

The Following Materials Are Available For Distribution To Stockholders:

S.E.C. FORM 10-K
Stockholders may obtain a copy of the General Motors Corporation Annual Report to the Securities and Exchange Commission on Form 10-K after April 1, 1990.

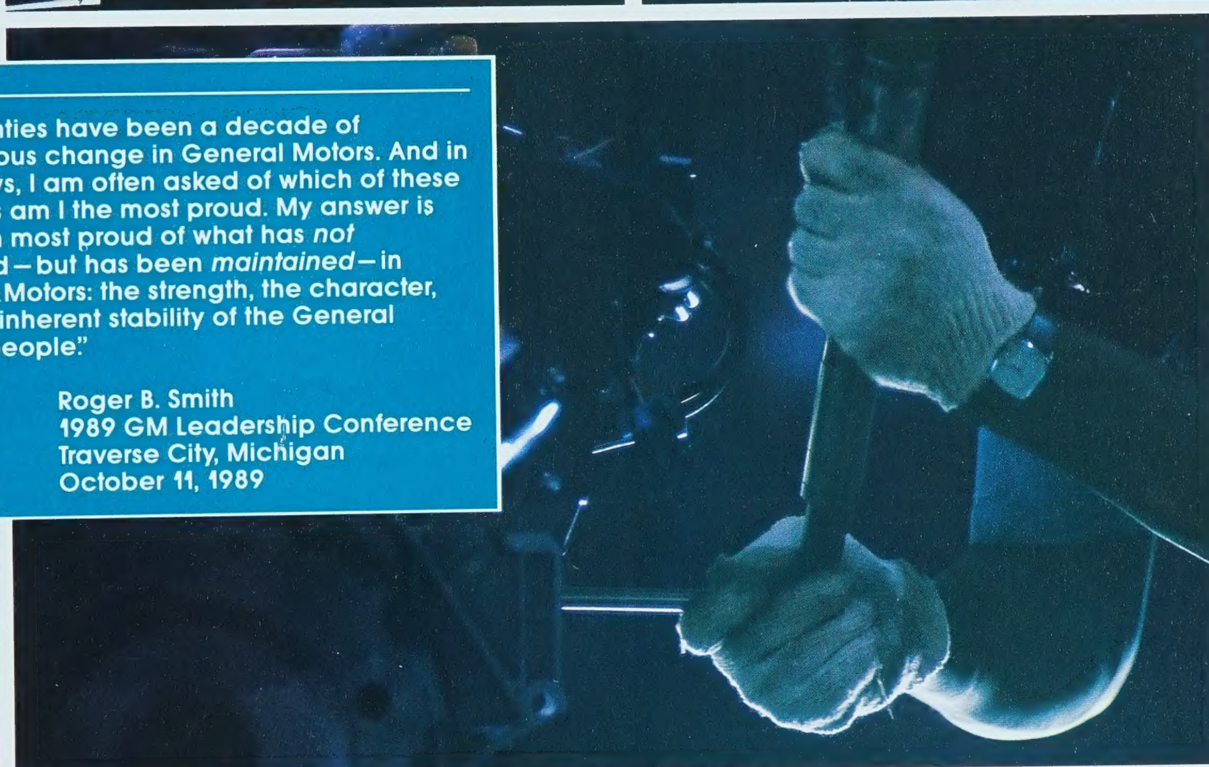
1990 PUBLIC INTEREST REPORT
GM's 20th successive annual accounting of its programs, progress, and goals in various areas of public interest will be available in a booklet, "1990 General Motors Public Interest Report," after May 1, 1990.

TAPE RECORDING OF 1989 GM ANNUAL REPORT
A cassette tape recording of major portions of the 1989 Annual Report will be available after April 1, 1990 at no charge for distribution to handicapped persons.

THE DIVIDEND REINVESTMENT PLAN provides registered holders of $1-2/3 par value common stock with a simple and convenient method of reinvesting cash dividends and making optional cash investments in additional shares without a service charge. A prospectus and authorization card may be requested from the transfer agent's New York office or from GM at the address given for other materials.

REQUESTS SPECIFYING THE MATERIALS DESIRED SHOULD BE SENT TO:
General Motors Corporation
Room 10-262
General Motors Building
3044 West Grand Boulevard
Detroit, Michigan 48202
(313-556-2044)

#1 IN AMERICA
GM
#1 IN THE WORLD



"The Eighties have been a decade of momentous change in General Motors. And in interviews, I am often asked of which of these changes am I the most proud. My answer is that I am most proud of what has *not* changed—but has been *maintained*—in General Motors: the strength, the character, and the inherent stability of the General Motors people."

Roger B. Smith
1989 GM Leadership Conference
Traverse City, Michigan
October 11, 1989

PRINTED IN U.S.A.

GM
GENERAL MOTORS
CORPORATION
DETROIT
MICHIGAN 48202

PONTIAC TRANS SPORT SE

■ The Pontiac Trans Sport SE all-purpose vehicle offers a previously unknown blend of futuristic, space-age styling and everyday functionality to the growing minivan market. Front-wheel drive, modular seating, and electronic ride control are among the standard features on this eye-catching vehicle.